



Fort Dodge Community School District
Fort Dodge, Iowa

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2015

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FORT DODGE COMMUNITY SCHOOL DISTRICT

Fort Dodge, Iowa

Fiscal Year Ended June 30, 2015

OFFICIAL ISSUING REPORT

Brandon C. Hansel, Director of Financial Services

OFFICE ISSUING REPORT

Office of Financial Services

**FORT DODGE COMMUNITY SCHOOL DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT**

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December 1, 2015

To President Cochran, Members of the Board of Directors, and patrons of the Fort Dodge Community School District:

It is indeed my pleasure to submit to you the Comprehensive Annual Financial Report (CAFR) for the Fort Dodge Community School District for the fiscal year ended June 30, 2015. The report has been prepared to conform to guidelines recommended by the Association of School Business Officials (ASBO) International and the Government Finance Officers Association (GFOA) of the United States and Canada.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed information is fairly stated in all material respects and is presented in a manner which sets forth the financial position and results of operations of the various funds of the District in accordance with generally accepted accounting principles, (GAAP). It includes all District funds. All disclosures necessary to enable a reader to gain maximum understanding of the District's financial activities have been included.

The 2015 Comprehensive Annual Financial Report is presented in four sections: Introductory, Financial, Statistical, and Single Audit. The Introductory Section includes a transmittal letter, the District's organizational chart, and a list of District officials.

The financial section consists of the independent auditor's report, Management's Discussion and Analysis, audited basic financial statements, required supplemental information, and combining and individual fund statements and schedules. The audited basic financial statements present both an overview and a broad long-term perspective of the School District as a whole in the government-wide financial statements. The Management's Discussion and Analysis presents financial highlights and information.

The Statistical Section sets forth selected unaudited financial and demographic information, and is divided into five categories of information generally presented on a multi-year basis, including financial trends, revenue capacity, debt capacity, demographic and economic information, and operating.

The Single Audit section contains all necessary schedules and independent auditor's reports required for the District to comply with provisions of the Single Audit Act Amendment of 1996 and the U.S. Office of Management and Budget Circular A-133, Audits of State, Local Governments, and Non-Profit Organizations.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative overview of the basic financial statement. The letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

Reporting Entity

This report includes all funds and account groups that are part of the Fort Dodge Community School District. The District is a separate reporting entity and is not included in any other reporting entity. A seven-member elected Board of Education, serving staggered terms of four years, governs the Fort Dodge Community School District. The Board of Education is a policy-making and planning body whose decisions are carried out by school administrators. The District is subject to the general oversight of the Iowa Department of Education. This oversight generally includes an approval process that reviews compliance with standards enacted by legislative mandate.

The City of Fort Dodge is located in the northeast part of Webster County, Iowa, on the Bluffs of the Des Moines River and surrounds the Fort Dodge Community School District. Fort Dodge is Iowa's 20th largest city with a population of 25,206 as reported by the 2010 census. Fort Dodge traces its beginnings to 1850 when soldiers from the United States Army erected a fort at the junction of the Des Moines River and Lizard Creek. It was named after Henry Dodge, a U.S. senator from Wisconsin. The fort was abandoned in 1853 and the next year William Williams, a civilian storekeeper in Fort Dodge, purchased the land and buildings of the old fort. The town of Fort Dodge was founded in 1869. In 1872 the long and continuing history of gypsum production in Iowa started when George Ringland, Webb Vincent, and Stillman T. Meservey formed the Fort Dodge Plaster Mills to mine, grind, and prepare gypsum for commercial use. The Company constructed the first gypsum mill west of the Mississippi River, at the head of what is now Gypsum Creek.

The Fort Dodge School District is the 25th largest of Iowa's over 300 K-12 public school systems. The enrollment is approximately 3,767 students. The District provides a full range of educational services appropriate to students in early childhood, preschool, transitional kindergarten, and grades kindergarten through twelve. These services include basic, regular and enriched academic education; special education for children with special needs; vocational education; and numerous individualized programs such as specialized instruction for students at-risk and for limited-English-speaking students.

The District is composed of one high school, one intermediate school, four elementary schools and an on-campus alternative educational program. Our early childhood learning facility houses the state four year old program and Headstart program. Student enrollment (pre-school through high school) for the 2014-15 school year was approximately 3,767 regular and special education students. The District employs approximately 600 persons of whom approximately 300 are professional staff and 300 are support staff.

The average age of our elementary buildings is 54 with our oldest elementary being built in 1912. Our intermediate building was new in 2013. The District has one high school that was constructed in 1958. All of our facilities are in usable condition as we follow a preventative maintenance schedule in order to maintain the integrity of our older facilities as well as preserve all the facilities in the District.

Economic Condition and Outlook

The District is located in the Northwest quadrant of the state. Being the largest community within an hour's drive, Fort Dodge serves as the commercial center for the region. As a regional hub, Fort Dodge has several large organizations that provide stability to the local economy. Trinity Regional Medical Center, Fort Dodge Regional Airport, Iowa Central Community College, Crossroads Mall, and many big box retail stores are a few examples. As a result of shifts in industry, Fort Dodge has experienced some economic loss over the years with the closure of several meat packing plants and other manufacturing related companies. The school District has experienced declining enrollment in recent years with the loss of over 500 students in the last 10 years. However, the strong agricultural climate in recent years has led to a resurgence in economic activity and business investment in the area. The development of an agricultural business park has attracted large companies such as Cargill to build a bio-fuel production facility. This project in particular has also attracted the attention of an international company who is constructing a facility for the production of amino acids used for livestock feed. FedEx is also constructing a new regional ground distribution center.

As a result of these new economic factors and the corresponding jobs that have been created, the District experienced an increase of 37.2 students for the 2014-2015 school year. The District continues to monitor the level of economic activity and is now projecting the rate of student enrollment decline to stop and level off with the potential for mild increases in enrollment for the next several years.

In recent years, the State of Iowa has faced an economic downturn that severely hampered its ability to fund schools at the same level as in prior years. The District has faced inadequate funding for state aid and other state-funded programs, and this was particularly demonstrated in the unprecedented 10% across the board state funding cut in the fall of 2009, the low 2% allowable growth for fiscal year 2011, and the unprecedented zero per cent allowable growth for fiscal year 2012. Allowable growth was 2% for Fiscal year 2013 and 2014 and 1.25% for Fiscal year 2015.

Major Initiatives

The District continues to try to deal with its aging infrastructure. As a result the District decided to close down the two existing middle school buildings and build a new consolidated middle school facility. The remaining construction for the New Fort Dodge Middle School project was completed in fiscal year 2013 for a total project cost of \$35.5 million with approximately \$30 million being funded with sales tax revenue bonds and the remainder with sales tax revenue reserves saved up over the past several years.

Long-Term Financial Planning

Unassigned fund balance in the general fund improved in fiscal year 2014 by approximately \$.996 million due to the cash reserve levied by the Board of Education to improve fund balances and financial solvency for fiscal 2015 and offset low allowable growth funding. This increase in fund balance increased our solvency ratio from 20.39% to 21.64% which is extremely important to meet unforeseen financing requirements, fund summer operations, and to obtain higher bond ratings as the District determines its facility needs for the future with bonding.

The State of Iowa has implemented lower allowable growth, mid-year budget reductions in past years, and not provided on time funding over the last several years. With a changing District like Fort Dodge, funds need to be built up to help cover expenses of enrollment fluctuations since funding is not received until the subsequent year. With approx. 80% of the District's resources required for salaries and benefits, staffing efficiencies will become a priority.

Relevant Financial Policies

Since the State of Iowa funding formula is pupil driven, an increase in total spending authority occurs by increasing the number of pupils or by increasing the cost per pupil. The cost per pupil can be increased by the legislature in setting the amount of allowable growth each year. Under the law, the legislature has thirty (30) days after receiving the governor's budget recommendation to set the state percent of growth for the year following the budget year. Legislature spring 2009 set the fiscal year 2010-2011 state percent of growth. However, in the spring of 2010, the statutory requirement to establish the percentage of allowable growth increase for K-12 schools and accompanying educational funding categories for the 2011-12 school year was delayed for one year. In the spring of 2011, zero percent allowable growth was determined for fiscal year 2011-12 and two percent allowable growth for fiscal 2012-2013. However, legislature in the spring of 2013 had once again failed to set allowable growth for fiscal year 2013-2014 or 2014-2015 and ended up granting 1.25% for 2014-2015. Allowable growth is crucial in funding the needs of our growing District.

Internal Control

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met.

The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management. All internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

As a recipient of federal, state and local financial assistance, the District is also responsible for ensuring that adequate internal control is in place to ensure compliance with applicable laws and regulations related to those programs. As a part of the District's single audit, described earlier, tests are made to determine the adequacy of internal control, including that portion related to federal awards programs, as well as to determine that the District has complied with applicable laws and regulations.

Budgetary Controls

In addition, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual budget approved by the District's governing body. Activities of the General Fund, Special Revenue Funds, Enterprise Fund, Debt Service Fund and Capital Projects Fund are included in the annual budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the budgeted amount) is established by function and encompasses all fund types. To facilitate the monitoring of the legal provisions, and to provide more complete information to interested parties, the District prepares a more detailed budget for each fund. The District also maintains an encumbrance accounting system as one technique of accomplishing budgetary control.

As demonstrated by the statements and schedules included in the Management's Discussion and Analysis included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

Independent Audit

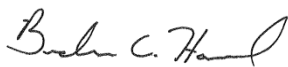
The Code of the State of Iowa requires an annual independent audit of the District to be performed by an accounting firm selected in a competitively bid process. The firm selected for the audit of the financial statements for the year ended June 30, 2015 was Schnurr & Company, LLP. The annual audit meets the requirements of the Code of Iowa, generally accepted auditing standards and the requirements of the 1996 Amendment to the Single Audit Act and related OMB Circular A-133. The auditor's report on the general-purpose financial statements and combining and individual fund statements is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in a separate section for internal controls and compliance.

Acknowledgements

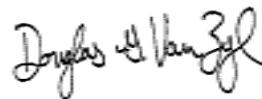
The preparation of this report could not be accomplished without the dedicated service and contributions of all necessary departments and personnel and advice from our auditors, Schnurr & Company. Finally, we would like to thank the Board of Education for their continued commitment to conducting the financial operations of the District with the highest level of responsibility and professionalism.

We are pleased to present this report of the results of the District's financial operation for the fiscal year ended June 30, 2015. It is our hope that study and review of this report will provide a better understanding of the District's financial operation.

Respectfully submitted,



Brandon C. Hansel, SBO
Director of Financial Services



Dr. Douglas G. Van Zyl
Superintendent of Schools



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Fort Dodge Community School District
Iowa**

**For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended**

June 30, 2014

Executive Director/CEO

Association of School Business Officials International



*The Certificate of Excellence in Financial Reporting Award
is presented to*

Fort Dodge Community School District

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2014*

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards



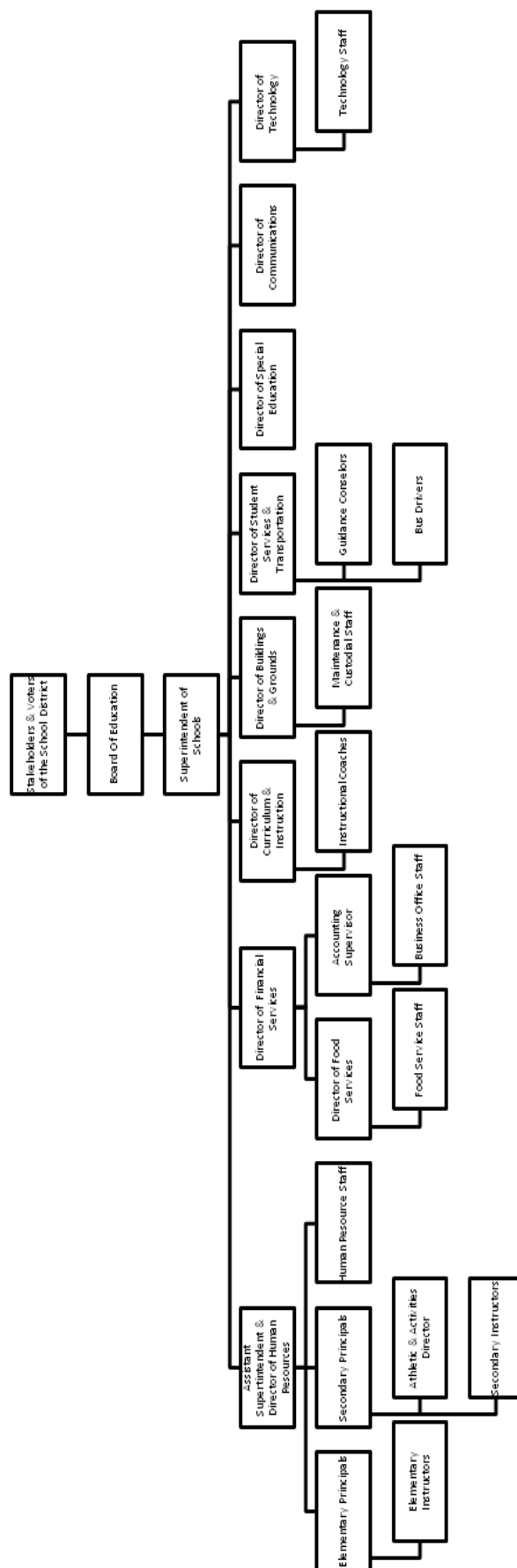
A handwritten signature in black ink, reading "Terrie S. Simmons", written over a horizontal line.

Terrie S. Simmons, RSBA, CSBO
President

A handwritten signature in black ink, reading "John D. Musso", written over a horizontal line.

John D. Musso, CAE, RSBA
Executive Director

Fort Dodge Community School District Organizational Chart



FORT DODGE COMMUNITY SCHOOL DISTRICT

BOARD OF EDUCATION

<i>NAME</i>	<i>POSITION</i>	<i>TERM EXPIRES</i>
Stuart Cochrane	President	2017
Brian Forsythe	Vice President	2017
Bill Kent	Board Member	2019
Angie Tracy	Board Member	2019
Lisa Shimkat	Board Member	2017
Steve Springer	Board Member	2019
Matthew Wagner	Board Member	2019

FORT DODGE COMMUNITY SCHOOL DISTRICT

SCHOOL DISTRICT ADMINISTRATION

<i>NAME</i>	<i>POSITION</i>
Dr. Douglas Van Zyl	Superintendent of Schools
Robert Hughes	Assistant Superintendent of Schools and Director of Human Resources
Brandon Hansel	Director of Financial Services
Stacey Cole	Director of Curriculum and Instruction
Brenda Janssen	Director of Food Services
Travis Filloon	Director of Buildings and Grounds
Lis Ristau	Director of Special Education
Jeremy Pearson	Director of Technology
Marcy Harms	Director of Student Services and Transportation
Jennifer Lane	Director of Communications
Dave Keane	High School Principal
Kevin Astor	High School Associate Principal
Allison Emery	High School Associate Principal
Lynnae Harvey	High School Associate Principal
Matt Elsbecker	Athletic Director
Ed Birnbaum	Middle School Principal
Mark Johnson	Middle School Associate Principal
Ryan Flaherty	Middle School Associate Principal
Jerry Brown	Butler Elementary Principal
Bruce Hartley	Cooper Elementary Principal
Pat Reding	Duncombe Elementary Principal
Nancy Cross	Feelhaber Elementary Principal
Lis Ristau	Riverside Elementary Principal



SCHNURR & COMPANY, LLP
Certified Public Accountants and Consultants

Independent Auditor's Report

To the Board of Education of
Fort Dodge Community School District:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Fort Dodge Community School District, Fort Dodge Iowa, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Fort Dodge Community School District as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in Note 15 to the financial statements, Fort Dodge Community School District adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the District's Proportionate Share of the Net Pension Liability, the Schedule of District Contributions and the Schedule of Funding Progress for the Retiree Health Plan on pages 13 through 25 and 60 through 65 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Fort Dodge Community School District's basic financial statements. We and other auditors previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the years ended June 30, 2014 (which is not presented herein) and expressed an unmodified opinion on those financial statements. The supplementary information included in Schedules 1 through 8, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 30, 2015 on our consideration of Fort Dodge Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Fort Dodge Community School District's internal control over financial reporting and compliance.

Schnurr & Company, LLP

Fort Dodge, Iowa
November 30, 2015

FORT DODGE COMMUNITY SCHOOL DISTRICT

FORT DODGE COMMUNITY SCHOOL DISTRICT

MANAGEMENT DISCUSSION AND ANALYSIS

This section of the Fort Dodge Community School District's annual financial report presents our discussion. Since all activities are required to be reported on a full accrual basis, a comprehensive comparison to the prior year has been made as is required to provide comparison of key current year data to prior year data. (Please refer to Table A-1 for comparison of the fiscal years.) Please read this analysis in conjunction with the District's financial statements, which immediately follow this section.

Financial Highlights

- The District's net position in fiscal year 2015 decreased 31.71 percent to \$25.374 million. The Governmental Activities net position decreased 32.41 percent, while the business type activities net position increased 6.65 percent. (See Table A-1) Governmental funds revenues were \$48.713 million, and expenses were \$46.379 million.
- GASB 68 took effect during fiscal year 2015 and is the cause of the significant decrease in the District's net position.
- A higher average daily bank balance resulted in the General Fund interest income increasing from \$37,610 in fiscal year 2014 to \$40,523 in fiscal year 2015. Total District interest earnings were \$123,530. Interest rates have continued to remain at low levels for the past several years as Federal Reserve policy remains targeted toward a low rate environment.
- The General Fund ending unassigned fund balance increased from \$7.669 million in fiscal year 2014 to \$8,665 million in fiscal year 2015.
- The self insured dental internal service fund incurred a net loss of \$17,491. The District had a balance of \$194,696 at the end of the fiscal year, which is over ten months' worth of reserves. Premium equivalent levels are reviewed and adjusted annually to maintain the necessary reserves.
- The District Statement of Net Position indicates an unrestricted net balance of (\$9.646 million) at the end of the 2015 fiscal year, which is down from \$6.443 million at the end of the 2014 fiscal year. This is a 250 percent decrease from the previous year. This is due largely to the new GASB 68 reporting requirements related to pension liability.
- The District revenues increased 4.35 percent in the 2015 fiscal year compared to a 4.20 percent decrease in the 2014 fiscal year, while the District expenses decreased 6.06 percent in the 2015 fiscal year compared to a 6.96 percent increase in the 2014 fiscal year. Please refer to Table A-2 for a breakdown of the revenues and expenses.
- The Fort Dodge Community School District certified enrollment count taken on October 1, 2014, was 3,767.1. This count represents an increase of 37.2 students from the prior year. This is the third year in the past 10 years that there has been an enrollment increase. The historic enrollment trend for the District has been downward; however, recent local economic development has provided job growth in the area which can be attributed to the enrollment increase.
- The 2015 special education program ended the year with a deficit balance of \$15,905. The balance in fiscal year 2014 was a deficit \$424,130.

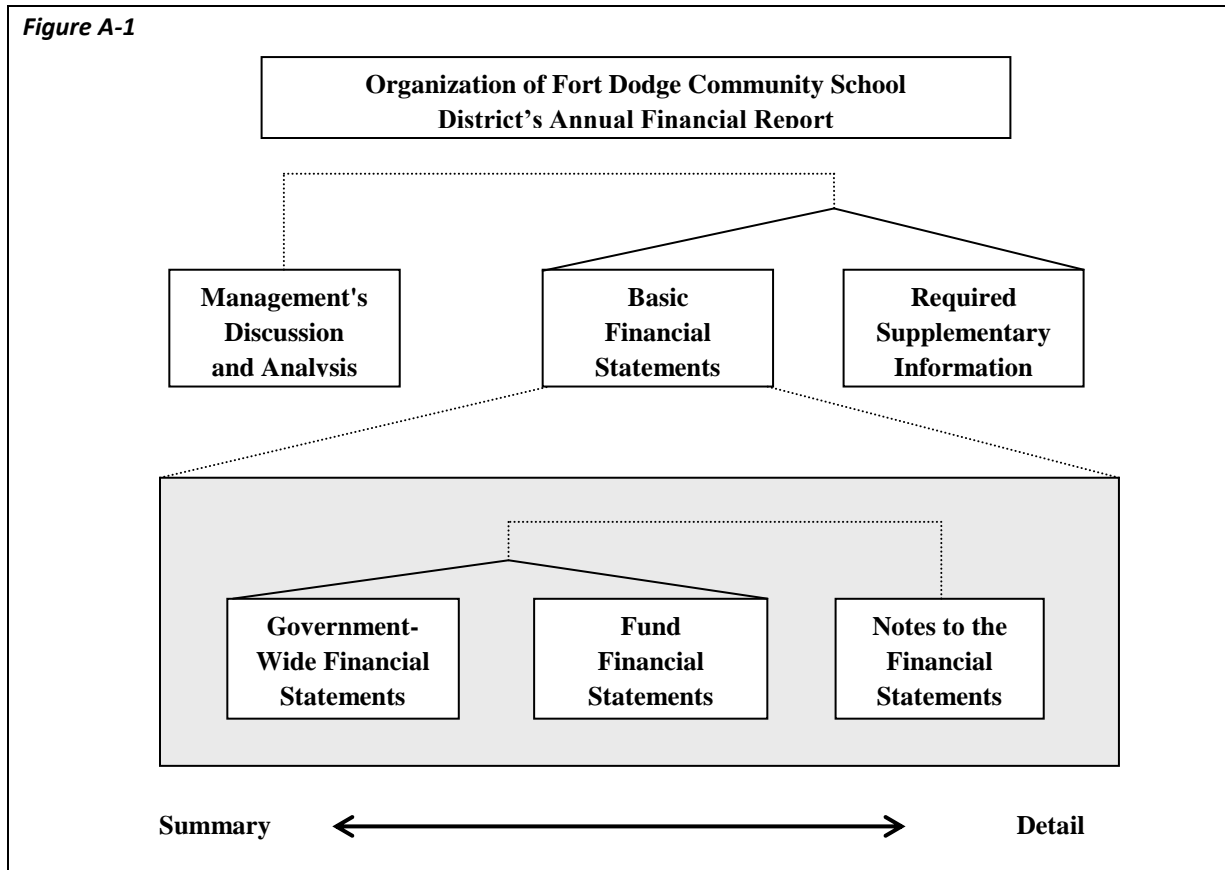
MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts--management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *government-wide financial statements* (Statement of Net Position and Statement of Activities) that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements.
- The *governmental funds statements* tell how basic services like regular and special education were financed in the short term as well as what remains for future spending.
- *Proprietary funds statements* offer short- and long-term financial information about the activities the district operates like businesses, such as food services.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.



MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Figure A-2 on this page summarizes the major feature of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2
Major Features of Government-wide and Fund Financial Statements

	Government–wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District	The activities of the District that are not proprietary, such as special education and building maintenance	Activities the District operates similar to private businesses; school nutrition and the medical self insurance internal service fund included here	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	Statement of net position Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balances	Statement of net position Statement of revenues, expenses and changes in fund net position Statement of cash flows	Statement of fiduciary net position Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Government-wide Statements

The Government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two Government-wide statements report the District's *net position* and how they have changed. Net position – the difference between the District's assets and liabilities – are one way to measure the District's health or *position*.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the Government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities*—Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state aid finance most of these activities.
- *Business-type activities*—The District charges fees to help it cover the costs of certain services it provides. The District's food service program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

The District has three kinds of funds:

- *Governmental funds* - Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information with the governmental funds statements that explain the relationship (or differences) between them.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fund Financial Statements (Continued)

- *Proprietary funds* - Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements. The District's enterprise fund, school nutrition (one type of proprietary fund), is the same as its business-type activities, but provides more detail and additional information, such as cash flows. Internal service funds (the other kind of proprietary fund) are used to report activities that provide supplies and services for the District's other programs and activities. The District currently has three internal service funds which handle the Self-Funded Health Account, the Flexible Spending Account and the Self Funded Dental Account.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. Table A-1 below provides a comparison of the District's net position as of June 30.

Table A-1 Condensed Statement of Net Position						
	Governmental Activities		Business-type Activities		Total School District	Percentage Change
	2014	2015	2014	2015	2014	2015
Assets:						
Current and other assets	\$ 39,107,077	\$ 46,468,955	\$ 718,032	\$ 764,893	\$ 39,825,109	\$ 47,233,848
Capital assets	53,804,144	49,932,939	188,490	169,247	53,992,634	50,102,186
Total assets	92,911,221	96,401,894	906,522	934,140	93,817,743	97,336,034
Liabilities:						
Long-term debt outstanding	34,419,078	46,902,592	-	19,129	34,419,078	46,921,721
Other liabilities	22,007,032	24,838,919	232,600	201,870	22,239,632	25,040,789
Total liabilities	56,426,110	71,741,511	232,600	220,999	56,658,710	71,962,510
Net Position:						
Net investment in capital assets	24,953,137	23,260,054	188,490	169,247	25,141,627	23,429,301
Restricted	5,569,569	11,590,540	-	-	5,569,569	11,590,540
Unrestricted	5,962,405	(10,190,211)	480,161	543,894	6,442,566	(9,646,317)
Total net position	\$ 36,485,111	\$ 24,660,383	\$ 668,651	\$ 713,141	\$ 37,153,762	\$ 25,373,524

District's combined net position was smaller on June 30, 2015, than they were the year before--decreasing 31.71% to \$25.374 million. (See Table A-1). Most of this change in the District's financial position came from its governmental activities relating to GASB 68, the net position shrunk \$11.825 million to \$24.660 million. The net position of the District's business-type activities increased 6.65% to \$.713 million.

The District's financial position is the product of many factors. The various sources of tax revenue, grants, and charges for services exceeded related expenditures. The one percent local option sales tax funding in the Capital Projects Fund has been especially helpful to the district. The \$3.549 million sales tax revenue received is exclusively used for capital projects, which will be expensed as depreciation over many years on the Statement of Activities.

Cash and pooled investments for governmental funds totaled \$25.841 million or 26.55% of total assets and deferred outflows, up from 24.62% from fiscal 2014. \$12.901 million of these cash balances are needed at June 30th of each year to fund the district general fund operations in July, August, and the first half of September, when there is very little state aid or property tax revenue. \$2.619 million of cash and investments is dedicated to future capital project investments. This cash will be used to complete infrastructure projects as allowed by the district passed Revenue Purpose Statement in September of 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

U.S. Generally Accepted Accounting Principles (GAAP) requires that the property taxes certified in April (the lien date) for the upcoming fiscal year be accrued as a receivable and shown as unearned revenue liability. The future property tax receivable of \$13.753 million and related unearned revenue liability on the Statement of Net Position result from this requirement. Net property and equipment (capital assets) of \$52.457 million represents 53.89% of total assets for the 2015 fiscal year compared with \$53.993 million and 57.55% of total assets for the 2014 fiscal year.

Changes in Statement of Activities

Table A-2 recasts the Statement of Activities into a traditional revenue and expenses format. Unrestricted state aid accounts for 38.57% of total revenue, and property tax accounts for 24.84% for the 2015 fiscal year, compared with 36.47% and 26.17%, respectively, for the 2014 fiscal year. Specific categorical grants and contributions from state, federal, and private sources account for 19.24% of revenue for the 2015 fiscal year compared with 20.18% for the 2014 fiscal year. The local option sales tax dedicated to school infrastructure totals 6.90% for 2015 compared with 6.55% for the 2014 fiscal year. The charges for services, mainly tuition and student co-curricular activities, account for 5.21% for the 2015 fiscal year compared with 5.62% for the 2014 fiscal year. (See Figure A-2).

Of the District's expenses for 2015, 57.85% are predominately related to the instruction of students, compared with 53.29% for 2014. All other non-instructional expenses account for 42.16% for 2015 compared with 46.70% of expenses for 2014. (See Figure A-4). These categories contain many line items directly supporting students and instruction, such as guidance, health, media, technology, improvement of instruction, and student transportation and food service program costs and depreciation expense not directly allocated to any functional area.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Changes in Statement of Activities (Continued)

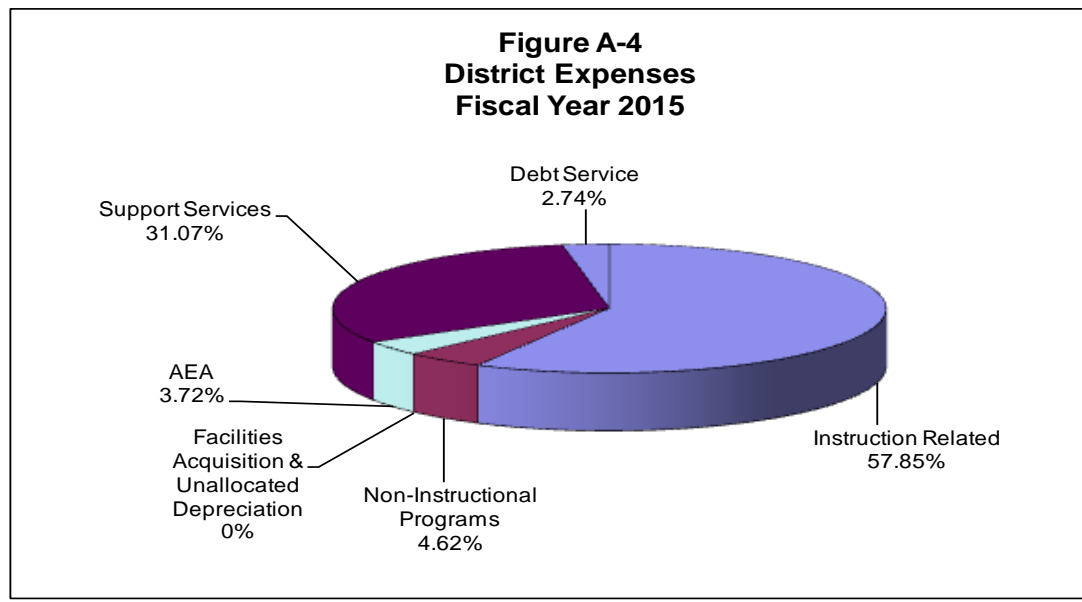
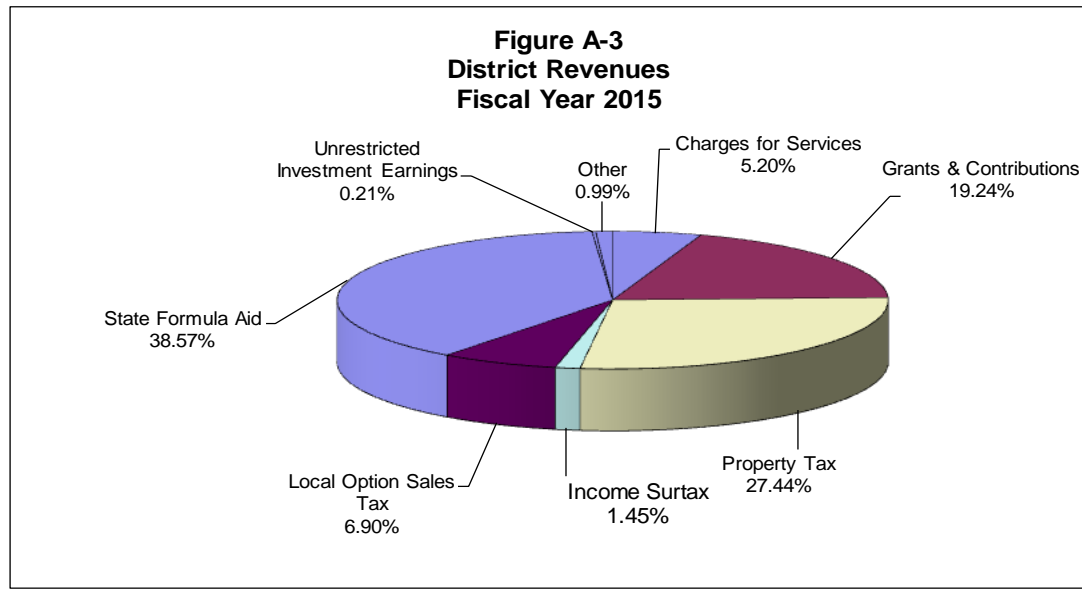
Operations and maintenance and building administration are also significant in the support services area. The State of Iowa by formula funds local school districts for the services of area education agencies and then pays these dollars directly to the agency.

Table A-2							
Changes in Net Position							
	Governmental Activities		Business-type Activities		Total School District		Total Change
	2014	2015	2014	2015	2014	2015	2014-2015
Revenues:							
Program revenues:							
Charges for service	\$ 2,108,942	\$ 1,973,885	\$ 660,999	\$ 697,803	\$ 2,769,941	\$ 2,671,688	-3.55%
Operating grants and contribution:	8,461,423	8,358,630	1,430,408	1,517,817	9,891,831	9,876,447	-0.16%
Capital grants and contributions	37,319	-	-	-	37,319	-	-100.00%
General revenues:							
Property taxes, general	12,879,378	12,751,972	-	-	12,879,378	12,751,972	-0.99%
Income surtax	719,872	745,346	-	-	719,872	745,346	3.54%
Local Option Sales Tax	3,227,146	3,540,103	-	-	3,227,146	3,540,103	9.70%
Property tax, capital outlay	932,823	1,338,199	-	-	932,823	1,338,199	43.46%
State formula aid	17,946,255	19,800,927	-	-	17,946,255	19,800,927	10.33%
Unrestricted investment earnings	100,673	106,667	1,853	1,974	102,526	108,641	5.96%
Other	694,443	506,497	-	-	694,443	506,497	-27.06%
Total revenues	47,108,274	49,122,226	2,093,260	2,217,594	49,201,534	51,339,820	4.35%
Program expenses:							
Governmental activities:							
Instruction	25,719,255	26,221,950	-	-	25,719,255	26,221,950	1.95%
Student services	2,024,988	1,669,616	-	-	2,024,988	1,669,616	-17.55%
Instructional staff services	2,143,504	1,841,517	-	-	2,143,504	1,841,517	-14.09%
Administrative and business	4,243,014	3,916,208	54,067	55,173	4,297,081	3,971,381	-7.58%
Maintenance and operations	6,268,156	5,070,926	-	-	6,268,156	5,070,926	-19.10%
Transportation	1,300,391	1,528,446	-	-	1,300,391	1,528,446	17.54%
Non-instructional programs	4,970	3,841	1,985,611	2,092,636	1,990,581	2,096,477	5.32%
Long-term debt interest and fiscal charges	1,294,145	1,242,995	-	-	1,294,145	1,242,995	-3.95%
AEA flowthrough	1,647,708	1,685,930	-	-	1,647,708	1,685,930	2.32%
Depreciation (unallocated)	1,568,122	-	-	-	1,568,122	-	-100.00%
Total expenses	46,214,253	43,181,429	2,039,678	2,147,809	48,253,931	45,329,238	-6.06%
Increase in net position	\$ 894,021	\$ 5,940,797	\$ 53,582	\$ 69,785	\$ 947,603	\$ 6,010,582	534.29%
Ending net position	\$ 36,485,111	\$ 24,660,383	\$ 668,651	\$ 713,141	\$ 37,153,762	\$ 25,373,524	-31.71%

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Changes in Statement of Activities (Continued)



Governmental Activities

Revenues for governmental activities were \$49.122 million, while expenses amounted to \$43.181 million for 2015, compared with \$47.108 million and \$46.214 million for 2014. The District does need to watch expenses to match as closely as possible with available revenues--the percentage decrease in expenses (6.56 percent) was more appropriate when compared to the revenue percentage increase of 4.28 percent. The reason for this change is primarily attributed to an across the board increase in spending efficiency. (See Table A-2).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Governmental Activities (Continued)

Table A-3 presents the cost of seven major District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, transportation, long-term debt, fiscal charges, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table A-3						
Total and Net Cost of Governmental Activities						
	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2014	2015	2013-2014	2014	2015	2014-2015
Instruction	\$ 25,719,255	\$ 26,221,950	1.95%	\$ 18,111,388	\$ 18,054,808	-0.31%
Pupil and instructional services	4,168,492	3,511,133	-15.77%	3,018,546	3,511,133	16.32%
Administrative and business	4,243,014	3,916,208	-7.70%	4,243,014	3,502,892	-17.44%
Maintenance and operations	6,268,156	5,070,926	-19.10%	6,158,347	5,070,926	-17.66%
Transportation	1,300,391	1,528,446	17.54%	1,245,356	1,462,319	17.42%
Other	4,514,945	2,932,766	-35.04%	2,829,918	1,246,836	-55.94%
Total	\$ 46,214,253	\$ 43,181,429	-6.56%	\$ 35,606,569	\$ 32,848,914	-7.74%

- The cost of all governmental activities this year was \$43.181 million.
- Some of the cost of \$1.974 million was financed by users of the District's programs.
- The federal and state governments and private contributors subsidized certain programs with grants and contributions of \$8.359 million.
- Most of the District's costs of \$32.849 million, however, were financed by District taxpayers and the taxpayers of our state.
- The net cost portion of governmental activities was financed with \$14.090 million in property taxes, \$.745 million in income surtax, \$19.801 million in unrestricted state aid, \$3.540 million in local option sales taxes, and \$.613 million in interest and miscellaneous income.

Business - Type Activities

Revenues of the District's business-type activities (school nutrition services) were comprised of charges for the daily lunch and breakfasts, and federal and state reimbursements.

- During the 2015 fiscal year the amount of excess revenue was \$69,785 compared to \$53,582 for the 2014 fiscal year. Revenues increased 5.94% to \$2,217,594, while expenses increased 5.31% to \$2,147,809.
- During the 2006-2007 fiscal year the District outsourced the food service employees to Taher, Inc. We have completed the ninth year under this arrangement, and it continues to work well for the district.
- Lunch prices increased this year by 10 cents in both student categories. The increase is due to the federally mandated lunch pricing equity guidelines and the rising costs of food.
- Purchased services for the 2015 year were \$940,471 compared with \$903,846 for the 2014 year, an increase of 4.06%. This category now includes the cost of personnel, as these services are now outsourced. Supplies for the 2015 fiscal year were \$1,091,649 compared with the 2014 year for which they were \$1,049,386, an increase of 4.03%.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Financial Analysis of the District's Funds

The financial performance of the District as a whole is reflected in its governmental funds as well. (Refer to the Statement of Revenues, Expenditures and Changes in Fund Balances–Governmental Funds.) As the District completed the year, its governmental funds reported combined fund balances of \$20.255 million – 15.24% higher than the prior year's ending fund balance of \$17.577 million.

The District's General Fund financial position increased to \$9,464,587 at June 30, 2015 from \$8,591,565 at June 30, 2014, representing a 10.17% increase. This increase is primarily due to cash reserve levy.

The Special Revenue/Management fund balance increased to \$2,248,896 at June 30, 2015 from \$2,100,557 at June 30, 2014.

The Capital Projects fund balance increased to \$3,771,814 at June 30, 2015 from \$2,070,950 at June 30 2014. This decrease is due to the accumulation of unallocated resources remaining after the debt has been serviced for the revenue bond's paid from this fund.

The Debt Service fund balance increased to \$4,392,448 at June 30, 2015 from \$4,389,888 at June 30 2014. This increase is reflecting the servicing of the sales tax revenue bonds.

In FY15 the enterprise fund (School Nutrition) showed a net gain of \$69,785. This was the tenth year in a row for gains in the School Nutrition Fund. This increase was more than the previous year's net gain of \$53,582. The biggest reason for this change was an increase in sales from the 2013-2014 fiscal year to the 2014-2015 fiscal year.

Budgetary Highlights

- The District levied \$564,116 for cash reserve in the 2015 fiscal year, down from \$1,061,717 in the 2014 fiscal year. This is a decrease of 46.87%. The cash reserve amount will vary based on the District's needs, especially depending on the special education deficit, the amount requested from the School Budget Review Committee for asbestos and safety projects, and the District's requirements for sufficient cash balances for cash flow needs.
- Budgeted expenditures include both unspent spending authority from the prior year and general fund revenues.

During fiscal year 2015 district expenditures did not exceed the amounts budgeted in any functional category.

- The District's budget versus actual results was within acceptable management planning parameters. The final revenue variance was \$930,012 for the 2015 fiscal year compared with \$247,922 for the 2014 fiscal year, an increase of \$682,090. The final expenditure variance was \$5,287,127 for the 2015 fiscal year compared with \$1,785,014 for the 2014 fiscal year. This is an increase of \$3,502,113 from the 2014 fiscal year to the 2015 fiscal year.
- The 2015 special education deficit was (\$15,905). The balance in fiscal year 2014 was (\$424,130). The main reason for the deficit balance was the decrease the total student weighting served from the previous year equating to lower state revenue while maintaining current staffing and other expense levels.

See the Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances-Budget and Actual – All Governmental Funds and Proprietary Fund in the Required Supplementary Information section.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Capital Asset and Debt Administration

Capital Assets

By the end of FY15, the District had invested \$52.457 million (net accumulated depreciation of \$20.817 million) in a broad range of capital assets, including school buildings, athletic facilities, maintenance and administrative buildings, computer and audiovisual equipment, maintenance equipment, school buses, library holding, and textbooks. This amount represents a net 2.85% decrease from last year. (More detailed information about capital assets can be found in Note 5 to the financial statements). Total depreciation expense for the year was \$2.268million.

Table A-4							
Capital Assets, net of depreciation							
	Governmental Activities		Business-type Activities		Total School District		Total Change
	2014	2015	2014	2015	2014	2015	2013-2014
Land	\$ 2,231,473	\$ 2,121,473	\$ -	\$ -	\$ 2,231,473	\$ 2,121,473	-4.93%
Construction in progress	227,372	232,853	-	-	227,372	232,853	2.41%
Buildings	49,299,972	47,834,866	-	-	49,299,972	47,834,866	-2.97%
Improvements, other than buildings	449,789	410,642	-	-	449,789	410,642	-8.70%
Equipment and furniture	1,595,538	1,687,431	188,490	169,247	1,784,028	1,856,678	4.07%
Total	\$ 53,804,144	\$ 52,287,265	\$ 188,490	\$ 169,247	\$ 53,992,634	\$ 52,456,512	-2.85%

Long-Term Liabilities

At year end the District had \$46.902 million in long-term obligations outstanding—an increase of 36.27% from last year, as shown in Table A-5. (More detailed information about the District's long-term liabilities is presented in Note 6. Notes 7 and 8 to the financial statements explain Pension Liability and Other Post Employment Benefits—OPEB—that affected the District beginning in the 2009 fiscal year.)

Table A-5			
Outstanding Long-term Liabilities			
	Governmental Activities		Total Percentage Change
	2014	2015	2014-2015
Early retirement and other compensated absences	\$ 4,123,078	\$ 3,352,801	-18.68%
Revenue bonds	29,260,000	29,027,211	-0.80%
Net pension liability	-	13,435,327	0.00%
Net OPEB Liabilities	1,036,000	1,087,253	4.95%
Total	\$ 34,419,078	\$ 46,902,592	36.27%

- The District decreased its Early Retirement and Other Compensated Absences liability by \$770,277 during the year and increased the OPEB liability by \$51,253. The District issued \$30,495 million in revenue bonds during the 2012 fiscal year. GASB 58 went into effect for the 2015 fiscal year resulting in a reportable net pension liability of \$13.435 million.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of eight existing circumstances that could significantly affect its financial health in the future:

- Even though the District is the twenty-fifth largest in the state in terms of students, it has one of the lowest ratios of taxable property value per student. This tends to raise property tax levies per thousand dollars of valuation to the higher end. Local property tax sensitivity has developed. In order to develop an effective education budget, the District needs to rely partially on the property tax levy.
- The age of the District's four older elementary schools and one early childhood building is a concern to the District. In order to deliver a modern education program using new technology and in order to control maintenance and safety costs, new elementary schools will need to be carefully examined and either replaced or added on to and updated. In 2008 the legislature adopted a statewide one cent sales tax for school infrastructure, which replaced the county-wide one half cent voted for the 10-year period that expired in July, 2009. This new school infrastructure funding mechanism will be in place until 2029 and will help the District provide for its long-term facility needs. The District has also completed a comprehensive building feasibility study to address these needs. The District has developed its building priority needs and will explore the options in 2014 and beyond.
- The District's primary source of revenue is the state of Iowa school aid formula. The allowable growth to schools was 1.25% for fiscal year 2015. Costs of providing a quality education program are rising faster than 2%. Teacher settlements alone over the past several years are in the 2.5% - 4.5% range. If future allowable growth increases do not keep pace with expenditures, the District will have to make the necessary realignments in its educational delivery system to come into line with allowable growth.
- More than 80 percent of the general fund budget is salaries and benefits. Iowa law requires that unsettled salary negotiations for teachers go to mandatory arbitration. Invariably, arbitrated settlements are higher than current levels of allowable growth in funding. Education budgets are then squeezed. A solution needs to be found.
- The District's unspent budget authority increased during the 2015 fiscal year and is projected to increase for the 2016 fiscal year as more spending efficiencies are found.
- One of the key elements of the state of Iowa school aid formula is certified enrollment. Enrollment has remained flat during the last five years. When enrollment drops it means less state aid. Stability or even increases in enrollment are critical to maintaining a solid financial picture.
- During FY13 the district took action to authorize an election to ask the voters for an increase of the levy to the statutory maximum of \$1.34. The voters approved an increase to the PPEL to the statutory maximum of \$1.34 per \$1,000 of taxable valuation and will remain in effect for a period of 10 years.
- During FY 13 the board of education took action to renew the levy for a period of 5 years at the statutory maximum level of 10% of the districts regular program budget. Currently the levy is funded through a mix of property tax and income surtax and stands at 10% of the regular program.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Brandon Hansel, Board Treasurer/Director of Financial Services, Fort Dodge Community School District, Central Administration Building, 104 South 17th Street, Fort Dodge, Iowa, 50501 (Phone number: 515-574-5644, Fax number: 515-574-5322, or bhansel@fdschools.org).

FORT DODGE COMMUNITY SCHOOL DISTRICT

BASIC FINANCIAL STATEMENTS

FORT DODGE COMMUNITY SCHOOL DISTRICT

Exhibit A

STATEMENT OF NET POSITION

June 30, 2015

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and pooled investments	\$ 25,114,011	\$ 727,255	\$ 25,841,266
Receivables:			
Property tax:			
Current year	171,019	-	171,019
Succeeding year	13,752,914	-	13,752,914
Income surtax	691,095	-	691,095
Accounts	17,658	34,206	51,864
Due from other funds	12,994	(12,994)	-
Due from other governments	1,539,249	-	1,539,249
Inventories	-	11,155	11,155
Capital assets not being depreciated	2,354,326	-	2,354,326
Capital assets, net of accumulated depreciation	49,932,939	169,247	50,102,186
Total assets	93,586,205	928,869	94,515,074
Deferred Outflows of Resources			
Pension related deferred outflows	2,815,689	5,271	2,820,960
Liabilities			
Accounts payable	1,205,808	188,592	1,394,400
Salaries and benefits payable	3,330,569	-	3,330,569
Accrued interest payable	654,975	-	654,975
Unearned revenue	-	4,884	4,884
Long-term liabilities:			
Portion due within one year:			
Early retirement	246,481	-	246,481
Bonds payable	1,340,000	-	1,340,000
Compensated absences	324,202	-	324,202
Portion due after one year:			
Early retirement	39,938	-	39,938
Bonds payable	27,687,211	-	27,687,211
Compensated absences	2,742,180	-	2,742,180
Net pension liability	13,435,327	19,129	13,454,456
Net OPEB liability	1,087,253		1,087,253
Total liabilities	52,093,944	212,605	52,306,549

(Continued on next page)

FORT DODGE COMMUNITY SCHOOL DISTRICT

**Exhibit A
(Continued)**

STATEMENT OF NET POSITION

June 30, 2015

	Governmental Activities	Business-type Activities	Total
Deferred Inflows of Revenues			
Unavailable property tax revenue	\$ 13,752,914	\$ -	13,752,914
Pension related deferred inflows	5,894,653	8,394	5,903,047
	19,647,567	8,394	19,655,961
Net Position			
Net investment in capital assets	23,260,054	169,247	23,429,301
Restricted for:			-
Categorical funding	799,791	-	799,791
Physical plant and equipment levy purposes	1,788,471	-	1,788,471
Management levy purposes	2,248,896	-	2,248,896
Student activities	377,591	-	377,591
Debt service	4,392,448	-	4,392,448
Capital projects	1,983,343	-	1,983,343
Unrestricted	(10,190,211)	543,894	(9,646,317)
Total net position	\$ 24,660,383	\$ 713,141	\$ 25,373,524

See notes to financial statements.

FORT DODGE COMMUNITY SCHOOL DISTRICT**STATEMENT OF ACTIVITIES****Year Ended June 30, 2015**

Functions/Programs:	Expenses	Program Revenues	
		Charges for Services	Operating Grants, Contributions and Restricted Interest
Governmental Activities:			
Instruction:			
Regular instruction	\$ 15,139,179	\$ 765,140	\$ 3,312,289
Special instruction	6,674,646	237,360	1,735,344
Other instruction	4,408,125	971,385	1,145,624
	<u>26,221,950</u>	<u>1,973,885</u>	<u>6,193,257</u>
 Support services:			
Student	1,669,616	-	-
Instructional staff	1,841,517	-	-
Administration	3,916,208	-	413,316
Operation and maintenance of plant	5,070,926	-	-
Transportation	1,528,446	-	66,127
	<u>14,026,713</u>	<u>-</u>	<u>479,443</u>
 Non-instructional programs	<u>3,841</u>	<u>-</u>	<u>-</u>
 Other:			
Facilities acquisition	-	-	-
Long-term debt interest and fiscal charges	1,242,995	-	-
AEA flowthrough	1,685,930	-	1,685,930
	<u>2,928,925</u>	<u>-</u>	<u>1,685,930</u>
 Total governmental activities	<u>43,181,429</u>	<u>1,973,885</u>	<u>8,358,630</u>

Exhibit B

Capital Grants, Contributions and Restricted Interest	Net (Expense) Revenue		
	Governmental Activities	Business-type Activities	Total
\$ -	\$ (11,061,750)	\$ -	\$ (11,061,750)
-	(4,701,942)	-	(4,701,942)
-	(2,291,116)	-	(2,291,116)
-	(18,054,808)	-	(18,054,808)
-	(1,669,616)	-	(1,669,616)
-	(1,841,517)	-	(1,841,517)
-	(3,502,892)	-	(3,502,892)
-	(5,070,926)	-	(5,070,926)
-	(1,462,319)	-	(1,462,319)
-	(13,547,270)	-	(13,547,270)
-	(3,841)	-	(3,841)
-	-	-	-
-	(1,242,995)	-	(1,242,995)
-	-	-	-
-	(1,242,995)	-	(1,242,995)
-	(32,848,914)	-	(32,848,914)

(Continued on next page)

FORT DODGE COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES (CONTINUED)

Year Ended June 30, 2015

		Program Revenues	
		Operating Grants, Contributions and Restricted Interest	
Functions/Programs:	Expenses	Charges for Services	
Business-type Activities:			
Support services:			
Food service operations	\$ 55,173	\$ -	\$ -
Non-instructional programs:			
Food service operations	2,092,636	697,803	1,517,817
Total business-type activities	2,147,809	697,803	1,517,817
Total	\$ 45,329,238	\$ 2,671,688	\$ 9,876,447
General Revenues:			
Property taxes, levied for:			
General purposes			
Capital outlay			
Income surtax			
Statewide sales, services and use tax			
Unrestricted state and federal grants			
Unrestricted investment earnings			
Other			
Total general revenues			
Change in net position			
Net position, beginning of year, as restated			
Net position, end of year			
See notes to financial statements.			

Exhibit B
(Continued)

Capital Grants, Contributions and Restricted Interest	Net (Expense) Revenue		
	Governmental Activities	Business-type Activities	Total
\$ -	\$ -	\$ (55,173)	\$ (55,173)
-	-	122,984	122,984
-	-	67,811	67,811
\$ -	(32,848,914)	67,811	(32,781,103)
	12,751,972	-	12,751,972
	1,338,199	-	1,338,199
	745,346	-	745,346
	3,540,103	-	3,540,103
	19,800,927	-	19,800,927
	106,667	1,974	108,641
	506,497	-	506,497
	38,789,711	1,974	38,791,685
	5,940,797	69,785	6,010,582
	18,719,586	643,356	19,362,942
\$	24,660,383	\$ 713,141	\$ 25,373,524

FORT DODGE COMMUNITY SCHOOL DISTRICT**BALANCE SHEET - GOVERNMENTAL FUNDS****June 30, 2015**

	General	Special Revenue	
		Management Levy	Debt Service
Assets			
Cash and pooled investments	\$ 12,900,530	\$ 2,665,004	\$ 4,392,448
Receivables:			
Property tax:			
Current year	141,628	13,596	-
Succeeding year	11,307,087	1,100,000	-
Income surtax	460,730	-	-
Accounts	16,602	-	-
Due from other funds	374,864	-	-
Due from other governments	990,603	-	-
Total assets	\$ 26,192,044	\$ 3,778,600	\$ 4,392,448
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 882,485	\$ 120,570	\$ -
Salaries and benefits payable	3,330,569	-	-
Due to other funds	746,586	309,134	-
Total liabilities	4,959,640	429,704	-
Deferred Inflows of Resources:			
Unavailable revenues:			
Succeeding year property tax	11,307,087	1,100,000	-
Succeeding year income surtax	460,730	-	-
Total deferred inflows of revenues	11,767,817	1,100,000	-
Fund Balances:			
Restricted for:			
Categorical funding	799,791	-	-
Revenue bonds reserve fund	-	-	3,049,500
Debt service	-	-	1,342,948
Management levy purposes	-	2,248,896	-
Student activities	-	-	-
School infrastructure	-	-	-
Physical plant and equipment	-	-	-
Unassigned	8,664,796	-	-
Total fund balances	9,464,587	2,248,896	4,392,448
Total liabilities, deferred inflows of resources and fund balances	\$ 26,192,044	\$ 3,778,600	\$ 4,392,448

Exhibit C

Capital Projects	Nonmajor	Total
\$ 2,619,564	\$ 469,976	\$ 23,047,522
15,795	-	171,019
1,345,827	-	13,752,914
230,365	-	691,095
-	-	16,602
742,221	4,365	1,121,450
548,646	-	1,539,249
<hr/>		
\$ 5,502,418	\$ 474,341	\$ 40,339,851

\$ 154,412	\$ 44,014	\$ 1,201,481
-	-	3,330,569
-	52,736	1,108,456
154,412	96,750	5,640,506

1,345,827	-	13,752,914
230,365	-	691,095
1,576,192	-	14,444,009

-	-	799,791
-	-	3,049,500
-	-	1,342,948
-	-	2,248,896
-	377,591	377,591
1,983,343	-	1,983,343
1,788,471	-	1,788,471
-	-	8,664,796
3,771,814	377,591	20,255,336

\$ 5,502,418	\$ 474,341	\$ 40,339,851
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FORT DODGE COMMUNITY SCHOOL DISTRICT**Exhibit D****RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2015**

Total fund balances of governmental funds (page 30) \$ 20,255,336

***Amounts reported for governmental activities in the
Statement of Net Position are different because:***

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. 52,287,265

Other long-term assets, including income surtax receivable, are not available to pay current year expenditures and, therefore, are reconized as deferred inflows of resources in the governmental funds. 691,095

The Internal Service Fund net position is directly related to the governmental funds due to the types of services provided and are, therefore, included in the statement of net position under governmental activities. 2,063,218

Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds. (654,975)

Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:

Deferred outflows of resources	\$ 2,815,689	
Deferred inflows of resources	(5,894,653)	(3,078,964)

pension liability and net OPEB liability, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. (46,902,592)

Net position of governmental activities (page 27) \$ 24,660,383

See notes to financial statements.

FORT DODGE COMMUNITY SCHOOL DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS**

Year Ended June 30, 2015

		Special Revenue	
	General	Management Levy	Debt Service
Revenues:			
Local sources:			
Local tax	\$ 12,125,863	\$ 1,092,285	\$ -
Tuition	854,832	-	-
Other	710,677	77,668	39,186
Intermediate sources	345	-	-
State sources	24,669,174	20,562	-
Federal sources	3,356,727	-	-
Total revenues	41,717,618	1,190,515	39,186
Expenditures:			
Current:			
Instruction	25,613,663	699,371	-
Support services:			
Student	2,063,626	-	-
Instructional staff	2,056,650	25,764	-
Administration	4,546,957	51,082	-
Operation and maintenance of plant	3,501,771	175,051	-
Transportation	1,374,294	90,908	-
	13,543,298	342,805	-
Non-instructional programs	3,841	-	-
Other expenditures:			
Facilities acquisition	-	-	-
Long-term debt:			
Interest and fiscal charges	-	-	2,649,350
AEA flowthrough	1,685,930	-	-
	1,685,930	-	2,649,350
Total expenditures	40,846,732	1,042,176	2,649,350
Excess (deficiency) of revenues over (under) expenditures	870,886	148,339	(2,610,164)

Exhibit E

Capital Projects	Nonmajor	Total
\$ 1,314,008	\$ -	\$ 14,532,156
-	-	854,832
26,424	860,808	1,714,763
-	-	345
3,564,294	-	28,254,030
-	-	3,356,727
4,904,726	860,808	48,712,853
4,838	907,221	27,225,093
-	-	2,063,626
12,086	-	2,094,500
238	-	4,598,277
6,650	-	3,683,472
-	-	1,465,202
18,974	-	13,905,077
-	-	3,841
909,342	-	909,342
-	-	2,649,350
-	-	1,685,930
909,342	-	5,244,622
933,154	907,221	46,378,633
3,971,572	(46,413)	2,334,220

(Continued on next page)

FORT DODGE COMMUNITY SCHOOL DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
Year Ended June 30, 2015**

	General	Special Revenue Management Levy	Debt Service
Other financing sources (uses):			
Proceeds from sale of capital assets	\$ 2,136	\$ -	\$ -
Interfund transfers in	-	-	2,612,724
Interfund transfers out	-	-	-
Total other financing sources (uses)	2,136	-	2,612,724
Change in fund balances	873,022	148,339	2,560
Fund balances, beginning of year	8,591,565	2,100,557	4,389,888
Fund balances, end of year	<u>\$ 9,464,587</u>	<u>\$ 2,248,896</u>	<u>\$ 4,392,448</u>

See notes to financial statements.

Exhibit E
(Continued)

Capital Projects	Nonmajor	Total
\$ 342,016	\$ -	\$ 344,152
-	-	2,612,724
(2,612,724)	-	(2,612,724)
(2,270,708)	-	344,152
1,700,864	(46,413)	2,678,372
2,070,950	424,004	17,576,964
\$ 3,771,814	\$ 377,591	\$ 20,255,336

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2015**

Change in fund balances - total governmental funds (page 33) \$ 2,678,372

*Amounts reported for governmental activities in the
Statement of Activities are different because:*

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Net Position and are allocated over their estimates useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expenses in the year are as follows:

Expenditures for capital assets	\$ 1,525,176	
Depreciation expense	<u>(2,241,242)</u>	(716,066)

In the Statement of Activities, only the gain or loss on the sale of assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the asset sold net of depreciation.

(800,813)

Income surtax revenue not received until several months after the District's fiscal year-end is not considered available revenue and is deferred in the governmental funds. It is, however, recorded as revenue in the Statement of Activities.

65,219

The increase in the Internal Service Fund net position reflects an overcharge to governmental activities for the services provided. Expenses in the Statement of Activities are adjusted to reflect this overcharge.

1,337,472

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

25,700

The current year District employer share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position.

2,076,741

(Continued on next page)

FORT DODGE COMMUNITY SCHOOL DISTRICT**Exhibit F
(Continued)****RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES****Year Ended June 30, 2015**

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Revenue bond payments	\$	1,380,655	
Early retirement		388,990	
Compensated absences		381,287	
Pension expense		(825,507)	
Other postemployment benefits		(51,253)	\$ 1,274,172

Change in net position of governmental activities (page 29)**\$ 5,940,797**

See notes to financial statements.

FORT DODGE COMMUNITY SCHOOL DISTRICT

Exhibit G

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2015**

	Nonmajor Enterprise Fund	Internal Service Fund
Assets		
Current Assets:		
Cash and cash equivalents	\$ 727,255	\$ 2,066,489
Accounts receivable	34,206	1,056
Inventories	11,155	-
Total current assets	<u>772,616</u>	<u>2,067,545</u>
Noncurrent Assets:		
Capital assets, net of accumulated depreciation	<u>169,247</u>	<u>-</u>
Deferred Outflows of Resources		
Pension related deferred outflows	<u>5,271</u>	<u>-</u>
Total assets	<u>947,134</u>	<u>2,067,545</u>
Liabilities		
Current Liabilities:		
Accounts payable	188,592	4,327
Unearned revenue	4,884	-
Interfund payable	12,994	-
Total current liabilities	<u>206,470</u>	<u>4,327</u>
Noncurrent liabilities:		
Net pension liability	<u>19,129</u>	<u>-</u>
Total noncurrent liabilities	<u>19,129</u>	<u>-</u>
Total liabilities	<u>225,599</u>	<u>4,327</u>
Deferred Inflows of Resources		
Pension related deferred inflows	<u>8,394</u>	<u>-</u>
Net Position		
Net investment in capital assets	169,247	-
Unrestricted	<u>543,894</u>	<u>2,063,218</u>
Total net position	<u>\$ 713,141</u>	<u>\$ 2,063,218</u>

See notes to financial statements.

FORT DODGE COMMUNITY SCHOOL DISTRICT**Exhibit H**
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
Year ended June 30, 2015

	Nonmajor Enterprise Fund	Internal Service Fund
Operating revenues:		
Local sources:		
Charges for services	\$ 697,803	\$ 6,088,835
Operating expenses:		
Support services:		
Internal service operations:		
Benefits	-	48,723
Purchased services	-	4,708,362
	-	4,757,085
Food service operations:		
Salaries	33,133	-
Benefits	11,233	-
Purchased services	10,304	-
Other	503	-
	55,173	-
Non-instructional programs:		
Food service operations:		
Purchased services	940,471	-
Supplies	1,091,649	-
Loss on disposition of assets	33,287	-
Depreciation	27,229	-
	2,092,636	-
Total operating expenses	2,147,809	4,757,085
Operating income (loss)	(1,450,006)	1,331,750
Non-operating revenues:		
Interest on investments	1,974	5,722
State sources	17,275	-
Federal sources	1,500,542	-
Total non-operating revenues	1,519,791	5,722
Change in net position	69,785	1,337,472
Net position, beginning of year, as restated	643,356	725,746
Net position, end of year	\$ 713,141	\$ 2,063,218

See notes to financial statements.

FORT DODGE COMMUNITY SCHOOL DISTRICT

Exhibit I

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

Year ended June 30, 2015

	Nonmajor Enterprise Fund	Internal Service Fund
Cash Flows from Operating Activities:		
Cash received from sale of lunches and breakfasts	\$ 662,127	\$ -
Cash received from miscellaneous operating activities	-	6,170,049
Cash payments to employees for services	(52,130)	-
Cash payments to suppliers for goods or services	(1,881,159)	(4,758,918)
Net cash provided by (used in) operating activities	(1,271,162)	1,411,131
Cash Flows from Non-capital Financing Activities:		
State grants received	17,275	-
Federal grants received	1,355,021	-
Payment from interfund receivable	12,726	-
Payment on interfund payable	(33,824)	-
Net cash provided by non-capital financing activities	1,351,198	-
Cash Flows from Capital and Related Financing Activities:		
Acquisition of capital assets	(41,273)	-
Cash Flows from Investing Activities:		
Interest on investments	1,974	5,722
Net increase in cash and cash equivalents	40,737	1,416,853
Cash and cash equivalents, beginning of year	686,518	649,636
Cash and cash equivalents, end of year	\$ 727,255	\$ 2,066,489

(Continued on next page)

FORT DODGE COMMUNITY SCHOOL DISTRICT

**Exhibit I
(Continued)**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year ended June 30, 2015**

	Nonmajor Enterprise Fund	Internal Service Fund
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ (1,450,006)	\$ 1,331,750
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	27,229	-
Loss on disposition of assets	33,287	-
Commodities used	145,521	-
(Increase) decrease in accounts receivable	(32,765)	81,214
Decrease in inventories	921	-
Increase (decrease) in accounts payable	10,605	(1,833)
(Decrease) in unearned revenue	(2,911)	-
(Decrease) in net pension liability	(8,985)	-
(Increase) in deferred outflows of resources	(2,452)	-
Increase in deferred inflows of resources	8,394	-
Net cash provided by (used in) operating activities	\$ (1,271,162)	\$ 1,411,131

Non-cash investing, capital and financing activities:

During the year ended June 30, 2015, the District received \$145,521 of federal commodities.

See notes to financial statements.

FORT DODGE COMMUNITY SCHOOL DISTRICT

Exhibit J

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2015**

	Private Purpose Trust
	Scholarship
Assets:	
Cash and pooled investments	\$ 386,390
Liabilities:	
None	-
Net Position:	
Restricted for scholarships	\$ 386,390

See notes to financial statements.

FORT DODGE COMMUNITY SCHOOL DISTRICT**Exhibit K****STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS****Year ended June 30, 2015**

	Private Purpose Trust
	Scholarship
Additions:	
Local sources:	
Gifts and contributions	\$ 21,638
Interest	14,889
Total additions	36,527
Deductions:	
Support services:	
Scholarships awarded	39,916
Change in net position	(3,389)
Net position, beginning of year	389,779
Net position, end of year	<u><u>\$ 386,390</u></u>
See notes to financial statements.	

FORT DODGE COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

The Fort Dodge Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the City of Fort Dodge, Iowa and agricultural territory in Webster County. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity:

For financial reporting purposes, Fort Dodge Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. The District has no component units that meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations – The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Webster County Assessor's Conference Board.

B. Basis of Presentation:

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Position presents the District's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (continued):

Government-wide Financial Statements (continued) –

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds. Combining schedules are also included for the Capital Project Fund accounts.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Special Revenue Fund, Management Levy is used to account for property taxes collected to pay property and casualty insurance premiums, unemployment insurance claims, fidelity bonds, workers' compensation insurance premiums, and early retirement incentives.

The Debt Service Fund is used to account for property tax and other revenues to be used for the payment of interest and principal on the District's general long-term debt.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

The District's non-major proprietary funds include the Enterprise, School Nutrition Fund, which is used to account for the food service operations of the District; the Internal Service, Self-funded Medical Plan, which is used to account for the District's self-funded medical insurance plan; the Internal Service, Self-funded Dental Plan, which is used to account for the District's self-funded dental insurance plan; and the Internal Service, Flex Plan, which is used to account for the District's employee flexible benefits plan.

The District also reports fiduciary funds which focus on net position and changes in net position. The District's fiduciary fund includes the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarship awards.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting:

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year in which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year-end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned, and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity:

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in Iowa Schools Joint Investment Trust, which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2013 assessed property valuations; is for the tax accrual period July 1, 2014 through June 30, 2015 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2014.

Due from/to Other Funds – During the course of its operations, the District may have certain transactions between funds or pooled cash balances. To the extent that these transactions between funds had not been repaid or received as of June 30, 2014, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Due from Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Prepays – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in both government-wide and fund financial statements on the consumption method.

Inventories – Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity (continued):

Capital Assets – Capital assets, which include property, furniture and equipment and intangibles are reported in the applicable governmental or business-type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Asset Class	Amount
Land	\$ 1,000
Buildings	25,000
Improvements other than buildings	10,000
Intangibles	100,000
Furniture and equipment:	
School Nutrition Fund equipment	500
Other furniture and equipment	3,000

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives (in Years)
Buildings	50
Improvements other than buildings	20 - 50
Furniture and equipment:	5 - 15

Deferred Outflows of Resources: Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

Salaries and Benefits Payable – Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity (continued):

Deferred Inflows of Resources – Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year-end.

Deferred inflows of resources in the Statement of Net Position consists of succeeding year property tax receivable that will not be recognized until the year for which it is levied and the unamortized portion of the net difference between projected and annual earnings on pension plan investments.

Long-term Liabilities – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Position. The early retirement liability attributable to the governmental activities will be paid primarily by the special revenue management levy. The net pension and OPEB liabilities attributable to the governmental activities will be paid primarily by the general fund.

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation and severance benefits payable to employees. Severance benefits accumulate up to 120 days for most employee service groups and are applicable for employees hired prior to July 1, 2006. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect on June 30, 2015. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Committed – Amounts which can be used only for specific purposes determined pursuant to constraints formally imposed by the Board of Education through resolution approved prior to year-end. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specific use by taking the same action it employed to commit those amounts.

Unassigned – All amounts not included in the preceding classification.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2015, expenditures did not exceed the amounts budgeted.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

F. Subsequent Events

Subsequent events have been evaluated through November 30, 2015, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

Note 2. Cash, Cash Equivalents and Pooled Investments

The District's deposits in banks at June 30, 2015 were entirely covered by Federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2015, the District had the following investments:

Type	Amortized Cost
Goldman Sachs Financial Square Government Fund	\$ 671,923

The investments in the money market portfolio are valued at fair value. The investments in the money market portfolio are rated AAAm by Standard and Poor's Financial Services.

Note 3. Due From and Due To Other Funds

The detail of interfund receivables and payables at year ended June 30, 2015 is as follows:

Receivable Fund	Payable Fund	Amount
Amounts due to transactions between funds:		
General	Special Revenues, Student Activity	\$ 52,736
General	Special Revenues, Management	309,134
General	Enterprise Fund, School Nutrition	12,994
Capital Projects Fund, PPEL	General	742,221
Special Revenues, Student Activity	General	4,365
Total		\$ 1,121,450

These receivables and payables between funds arise from timing differences involved in the reimbursement of expenses at year-end.

NOTES TO FINANCIAL STATEMENTS

Note 4. Interfund Transfers

The detail of the interfund transfers for the year ended June 30, 2015 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects, Statewide Sales, Services and Use Tax	\$ 2,612,724

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

The transfer from the Capital Projects Fund to the Debt Service Fund was for the retirement of bond principal and interest.

Note 5. Capital Assets

Capital assets activity for the year ended June 30, 2015 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,231,473	\$ -	\$ (110,000)	\$ 2,121,473
Construction in progress	227,372	232,853	(227,372)	232,853
Total capital assets not being depreciated	2,458,845	232,853	(337,372)	2,354,326
Capital assets being depreciated:				
Buildings	66,260,489	810,435	(3,612,412)	63,458,512
Improvements other than buildings	738,014	13,836	(30,447)	721,403
Furniture and equipment	5,836,866	695,424	(230,286)	6,302,004
Total capital assets being depreciated	72,835,369	1,519,695	(3,873,145)	70,481,919
Less accumulated depreciation for:				
Buildings	16,960,517	1,601,641	(2,938,512)	15,623,646
Improvements other than buildings	288,225	36,070	(13,534)	310,761
Furniture and equipment	4,241,328	603,531	(230,286)	4,614,573
Total accumulated depreciation	21,490,070	2,241,242	(3,182,332)	20,548,980
Total capital assets being depreciated, net	51,345,299	(721,547)	(690,813)	49,932,939
Governmental activities capital assets, net	\$ 53,804,144	\$ (488,694)	\$ (1,028,185)	\$ 52,287,265
Business-type activities:				
Furniture and equipment	\$ 480,912	\$ 41,273	\$ (84,508)	\$ 437,677
Less accumulated depreciation	292,422	27,229	(51,221)	268,430
Business-type activities capital assets, net	\$ 188,490	\$ 14,044	\$ (33,287)	\$ 169,247

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets (Continued)

Depreciation expense was charged to the following functions:

Governmental activities:

Instruction:

Regular	\$ 352,725
Special	15,916
Other	8,457

Support services:

Operation and maintenance of plant	1,637,711
Transportation	226,433

Total governmental activities depreciation expense	\$ 2,241,242
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Business-type activities:

Food service operations	\$ 27,229
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Note 6. Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2015 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities:					
Revenue bonds	\$ 29,260,000	\$ -	\$ 1,285,000	\$ 27,975,000	\$ 1,340,000
Add: Bond premium	1,614,674	-	134,556	1,480,118	-
Lesss: Deferred charges	(466,808)	-	(38,901)	(427,907)	-
	30,407,866	-	1,380,655	29,027,211	1,340,000
Early retirement	675,409	120,570	509,560	286,419	246,481
Compensated absences	3,447,669	14,344	395,631	3,066,382	324,202
Net pension liability	19,745,100	-	6,309,773	13,435,327	-
Net OPEB liability	1,036,000	51,253	-	1,087,253	-
Total	\$ 55,312,044	\$ 186,167	\$ 8,595,619	\$ 46,902,592	\$ 1,910,683
Business-type activities:					
Net pension liability	\$ 28,114	\$ -	\$ 8,985	\$ 19,129	\$ -

Early Retirement – The District offered a voluntary early retirement plan to all employees for the year ended June 30, 2015. Eligible employees must be at least age fifty-five and employees must have completed ten years of continuous service to the District. Employees must complete an application which is required to be approved by the Board of Education.

The early retirement benefit for each eligible employee is \$1,000 plus a severance benefit tied to that employee's classification. Professional support employees will receive 140% of their severance benefit, which is calculated by multiplying the employee's per diem pay rate times their unused personal illness days, up to a maximum of 120 days. Teachers will receive 250% of their severance benefit, or 100% of severance plus a lump sum, calculated by multiplying \$90.06 times the number of unused personal illness days, up to a maximum of 120 days. Custodial/maintenance will receive 140% of their severance benefit, or 100% of severance plus a lump sum, calculated by multiplying various applicable hourly rates times the number of unused personal illness days, up to a maximum of 105 days. The benefit of all early retirees will be placed in a non-elective 403(b) account.

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-term Liabilities (Continued)

Early Retirement (continued): The early retirement incentives for prior years consisted of various different plans. Details of those plans are available upon request of District management.

At June 30, 2015, the District has obligations to 31 participants with a total liability of \$286,419. Actual early retirement expenditures for the year ended June 30, 2015 totaled \$509,560. The long-term portion of early retirement is recorded as a long-term liability of the Governmental Activities in the government-wide financial statements.

Revenue Bonds – Details of the District’s revenue bonded indebtedness at June 30, 2015 are as follows

Year Ending June 30	Bond Issue of October 1, 2011			Bond Issue of January 5, 2012			Total	
	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest	Principal	Interest
2016	4.00%	\$ 1,340,000	\$ 856,950	4.53%	\$ -	\$ 453,000	\$ 1,340,000	\$ 1,309,950
2017	4.00%	1,390,000	803,350	4.53%	-	453,000	1,390,000	1,256,350
2018	4.00%	1,450,000	747,750	4.53%	-	453,000	1,450,000	1,200,750
2019	5.00%	1,505,000	689,750	4.53%	-	453,000	1,505,000	1,142,750
2020	5.00%	1,580,000	614,500	4.53%	-	453,000	1,580,000	1,067,500
2021-2025	5.00%	9,175,000	1,804,750	4.53%	-	2,265,000	9,175,000	4,069,750
2026-2030	5.00%	1,535,000	76,750	4.53%	10,000,000	1,542,692	11,535,000	1,619,442
		<u>\$ 17,975,000</u>	<u>\$ 5,593,800</u>		<u>\$ 10,000,000</u>	<u>\$ 6,072,692</u>	<u>\$ 27,975,000</u>	<u>\$ 11,666,492</u>

The District pledged future statewide sales and services tax revenues to repay the \$20,495,000 and \$10,000,000 bonds issued in October of 2011 and January of 2012, respectively. The bonds were issued for the purpose of financing a portion of the costs of construction of a new middle school. The bonds are payable solely from the proceeds of the statewide sales, services and use tax revenues received by the District and are payable through 2030. The bonds are not a general obligation of the District. However, the debt is subject to the constitutional debt limitation of the District. Annual principal and interest payments on the bonds are expected to require nearly 83 percent of the statewide sales, services and use tax revenues. The total principal and interest remaining to be paid on the bonds is \$39,641,492. For the current year, \$1,285,000 of principal payments were made and interest payments on the bonds totaled \$1,361,355. Total statewide sales and services tax revenues were \$3,549,017.

The resolution providing for the issuance of the statewide sales, services and use tax revenue bonds includes the following provisions:

1. Bonds maturing after January 1, 2021, may be called for redemption by the issuer and paid before maturity on said date or any date thereafter.
2. \$3,049,500 of the proceeds from the bonds issued have been placed in a reserve account with a trustee. The reserve account may be used solely for the purpose of paying principal and interest on the bonds if insufficient money is available in the sinking account. The reserve account is part of the District’s Debt Service Fund.

Proceeds from the statewide, sales, services and use tax shall be placed in a revenue account. Monies in the revenue account shall be transferred from the revenue account to the sinking account. Money in the sinking account shall be used to pay the interest and principal on the bonds. Any surplus monies remaining in the revenue fund, after the required transfer to the sinking account, may be used for any lawful purpose. The sinking fund is part of the Debt Service Fund.

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plan

Plan Description: IPERS membership is mandatory for employees of the District, except for those covered by another retirement system. Employees of the District are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits: A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier (based on years of service).
- The member's highest five-year average salary. (For members with service before June 20, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits: A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions: Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plan (Continued)

Contributions (continued): In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the District contributed 8.93 percent for a total rate of 14.88 percent.

The District's contributions to IPERS for the year ended June 30, 2015 were \$2,080,960.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2015, the District reports a liability of \$13,454,456 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the District's proportion was 0.3392530 percent, which was a decrease of 0.005127 from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$826,683. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 146,224	\$ -
Changes of assumptions	593,776	-
Net difference between projected and actual earnings on pension plan investments	-	5,131,142
Changes in proportion and differences between District contributions and proportionate share of contributions	-	771,905
District contributions subsequent to the measurement date	2,080,960	-
Total	\$ 2,820,960	\$ 5,903,047

\$2,080,960 reported as deferred outflows of resources related to pensions resulting from the District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2016	\$ (1,290,240)
2017	(1,290,239)
2018	(1,290,240)
2019	(1,290,239)
2020	(2,089)
Total	\$ (5,163,047)

There were no non-employer contributing entities at IPERS.

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plan (Continued)

Actuarial Assumptions: The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00 percent per annum
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50 percent, compounded annually, net of investment expense, including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
US Equity	23%	6.31
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
Total	100%	

Discount Rate: The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTES TO FINANCIAL STATEMENTS

Note 7. Pension Plan (Continued)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1% Decrease (6.50)%	Discount Rate (7.50)%	1% Increase (8.50)%
District's proportionate share of the net pension liability	\$ 25,421,818	\$ 13,454,456	\$ 3,352,764

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org

Payables to the Pension Plan: At June 30, 2015, the District reported payables to the defined benefit pension plan of \$0 for legally required employer contributions and \$0 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

Note 8. Other Postemployment Retirement Benefits (OPEB)

Plan Description – The District operates a single-employer health benefit plan that provides medical and prescription drug benefits for employees, retirees and their spouses. There are 477 active and 44 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through a fully insured plan with Alliance Select. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Funding Policy – The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation – The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2015, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

Annual required contribution	\$ 258,629
Interest on net OPEB obligation	46,620
Adjustment to annual required contribution	(41,343)
Annual OPEB cost	<u>263,906</u>
Contributions made	212,653
Increase in net OPEB obligation	<u>51,253</u>
Net OPEB obligation beginning of year	<u>1,036,000</u>
Net OPEB obligation end of year	<u>\$ 1,087,253</u>

NOTES TO FINANCIAL STATEMENTS

Note 8. Other Postemployment Retirement Benefits (OPEB) (Continued)

Annual OPEB Cost and Net OPEB Obligation (continued) – For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2015.

For the year ended June 30, 2015, the District contributed \$212,653 to the medical plan.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2015, and the preceding two years are summarized as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 806,979	77.0%	\$ 950,000
2014	838,787	89.7%	1,036,000
2015	263,906	80.6%	1,087,253

Funded Status and Funding Progress – As of July 1, 2014, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was \$2,810,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,810,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$22,034,000, and the ratio of the UAAL to covered payroll was 12.75%. As of June 30, 2015, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress for the Retiree Health Plan, presented as Required Supplementary Information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2014 actuarial valuation date, the projected unit credit cost method was used. The actuarial assumptions include a 4.5% discount rate based on the District's funding policy. The projected medical trend rate is 8%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% to 0.25% each year for nine years until reaching the 5% ultimate trend rate. An inflation rate of 0% is assumed for the purpose of this computation.

Mortality rates are from the RP-2014 Combined Healthy Generational Mortality Table with Projection Scale MP-2014, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2011 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2011.

Projected claim costs of the medical plan are \$726 per month for retirees less than age 65. The salary increase rate was assumed to be 3.5% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

NOTES TO FINANCIAL STATEMENTS

Note 9. Risk Management

Self-Funded Health Plan – Effective July 1, 2014, the District began a self-insurance program for hospitalization and medical coverage for its employees. The District limits its losses through the use of stop-loss policies from insurers. Specific individual losses for claims are limited to \$125,000 per year. The District's aggregate annual loss limitation is based on a formula that considers, among other things, the total number of employees and was limited to \$3,840,381 in claims as of June 30, 2015. For the year ended June 30, 2015, the District paid \$4,464,826 under the program, which includes health claims, premiums and administrative costs.

The District is required to have an annual actuarial study of the Self-Funded Health Insurance Plan as outlined in section 509A(15)(1)(d) of the Code of Iowa and the district has no recorded liability for incurred by unreported claims.

The Internal Service Fund, Self-Funded Health Plan reserve was \$1,858,657 at June 30, 2015.

Self-Funded Dental Plan – The District began a self-funded insurance plan during the year ended June 30, 2000. The plan is funded by contributions from the District and is administered through a service agreement with Delta Dental Plan of Iowa. The agreement is not subject to automatic renewal provisions. The District assumes liability for claims up to the current coverage limitation of \$1,000.

Monthly payments of service fees and plan contributions to the Fort Dodge Community School District Employee Group Dental Plan are recorded as expenditures from the General and School Nutrition funds. Under the administrative services agreement, weekly payments of service fees and claims processed are paid to Delta Dental Plan of Iowa from the Fort Dodge Community School District Employee Group Dental Plan Fund as an Internal Service Fund. The District's contributions to the fund for the year ended June 30, 2015 were \$225,251 and the total paid for claims was \$204,347.

The District is not required to have an annual actuarial study of the Self-Funded Dental Insurance Plan as outlined in §509A(15)(1)(d) of the Code of Iowa and the District has not recorded liability for incurred but unreported claims.

The Internal Service Fund, Self-Funded Dental Plan reserve was \$194,696 at June 30, 2015.

The District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 10. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$1,685,930 for the year ended June 30, 2015 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

NOTES TO FINANCIAL STATEMENTS

Note 11. Lease Commitments

The District leases office equipment under noncancellable operating lease agreements. The leases expire in January 2020. Total future minimum lease payments by year as of June 30, 2015 follows:

Year Ending June 30,	Amount
2016	\$ 71,950
2017	71,950
2018	71,950
2019	71,950
2020	41,540
	<u>\$ 329,340</u>

Total lease expense for the year ended June 30, 2015 was \$65,057.

Note 12. Categorical Funding

The District's fund balance restricted for categorical funding at June 30, 2015 is comprised of the following programs:

Program	Amount
Teacher mentoring	\$ 4,173
Four-year-old voluntary preschool program	564,068
Salary improvement program	24,764
Talented and gifted program	94,487
Professional development	74,377
Early readers success	4,703
Professional development for model core curriculum	33,219
	<u>\$ 799,791</u>

Note 13. Construction Commitments

The District has entered into a contract totaling \$368,232 and \$206,393 for a high school roof replacement project and bleacher replacement, respectively. As of June 30, 2015, costs of \$227,552 had been incurred against the contracts. The balance of \$347,073 remaining at June 30, 2015 will be paid as work on the project progresses.

Note 14. Subsequent Events

Subsequent to year-end, the Duncombe Elementary School was determined to have structural damage that precluded it from being used during the 2015-2016 school year. The District is considering numerous options with respect to the building and future elementary school needs.

NOTES TO FINANCIAL STATEMENTS

Note 15. Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27 was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources that arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Beginning net position for governmental and business-type activities were restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after measurement date, as follows:

	Governmental Activities	Business-type Activities
Net position June 30, 2014, as previously reported	\$ 36,485,111	\$ 668,651
Net pension liability at June 30, 2014	(19,745,100)	(28,114)
Deferred outflows of resources related to contributions made after the June 30, 2013 measurement date	1,979,575	2,819
Net position July 1, 2014, as restated	<u>\$ 18,719,586</u>	<u>\$ 643,356</u>

REQUIRED SUPPLEMENTARY INFORMATION

FORT DODGE COMMUNITY SCHOOL DISTRICT

FORT DODGE COMMUNITY SCHOOL DISTRICT

**BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES
AND CHANGES IN BALANCES - BUDGET AND ACTUAL -
ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS**

Required Supplementary Information

Year Ended June 30, 2015

	Governmental Fund Actual	Proprietary Fund Actual	Total Actual
Revenues:			
Local sources	\$ 17,101,751	\$ 699,777	\$ 17,801,528
Intermediate sources	345		345
State sources	28,254,030	17,275	28,271,305
Federal sources	3,356,727	1,500,542	4,857,269
Total revenues	48,712,853	2,217,594	50,930,447
Expenditures/Expenses:			
Instruction	27,225,093	-	27,225,093
Support services	13,905,077	55,173	13,960,250
Non-instructional programs	3,841	2,092,636	2,096,477
Other expenditures	5,244,622	-	5,244,622
Total expenditures/expenses	46,378,633	2,147,809	48,526,442
Excess (deficiency) of revenues over (under) expenditures/expenses	2,334,220	69,785	2,404,005
Other Financing Sources, net	344,152	-	344,152
Excess (deficiency) of revenues and other financing sources over (under) expenditures/expenses and other financing uses	2,678,372	69,785	2,748,157
Balance, beginning of year	17,576,964	643,356	18,220,320
Balance, end of year	\$ 20,255,336	\$ 713,141	\$ 20,968,477

See accompanying independent auditor's report.

Budget		Final to Actual	
Original	Final	Variance	
\$ 17,749,362	\$ 17,749,362	\$	52,166
2,000	2,000		(1,655)
28,177,688	28,177,688		93,617
4,071,385	4,071,385		785,884
50,000,435	50,000,435		930,012
27,575,861	28,871,927		1,646,834
14,283,289	15,178,783		1,218,533
1,998,000	2,332,829		236,352
6,148,915	7,430,030		2,185,408
50,006,065	53,813,569		5,287,127
(5,630)	(3,813,134)		6,217,139
10,000	10,000		334,152
4,370	(3,803,134)		6,551,291
20,723,485	20,723,485		(2,503,165)
\$ 20,727,855	\$ 16,920,351	\$	4,048,126

FORT DODGE COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING

Year ended June 30, 2014

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted expenditures by \$3,807,504.

During the year ended June 30, 2015, expenditures did not exceed the amounts budgeted.

FORT DODGE COMMUNITY SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Iowa Public Employees' Retirement System
Last Fiscal Year*
(In Thousands)

Required Supplementary Information

	2015
District's proportion of the net pension liability	0.3392530%
District's proportionate share of the net pension liability	\$ 13,454
District's covered-employee payroll	\$ 22,239
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	60.50%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

* The amounts presented for each fiscal year were determined as of June 30.

See accompanying independent auditor's report.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

FORT DODGE COMMUNITY SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS

Iowa Public Employees' Retirement System

Last Ten Fiscal Years

(In Thousands)

Required Supplementary Information

	2015	2014	2013	2012
Statutorily required contribution	\$ 2,081	\$ 1,986	\$ 1,943	\$ 1,858
Contributions in relation to the statutorily required contribution	(2,081)	(1,986)	(1,943)	(1,858)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 23,325	\$ 22,239	\$ 22,410	\$ 23,023
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.67%	8.67%

See accompanying independent auditor's report.

2011	2010	2009	2008	2007	2006
\$ 1,592	\$ 1,559	\$ 1,524	\$ 1,393	\$ 1,234	\$ 1,166
(1,592)	(1,559)	(1,524)	(1,393)	(1,234)	(1,166)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 22,906	\$ 23,443	\$ 24,000	\$ 23,024	\$ 21,460	\$ 20,278
6.95%	6.65%	6.35%	6.05%	5.75%	5.75%

FORT DODGE COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY

Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25 percent to 3.00 percent.
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

In 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual contribution rate.

In 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.
- Lowered the inflation assumption from 3.50 percent to 3.25 percent.
- Lowered disability rates for sheriffs and deputies and protection occupation members.

FORT DODGE COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a)/c)
2010	July 1, 2008	-	\$ 2,090	\$ 2,090	0.0%	\$ 23,639	8.8%
2011	July 1, 2010	-	5,470	5,470	0.0%	22,987	23.8%
2012	July 1, 2010	-	5,470	5,470	0.0%	23,262	23.5%
2013	July 1, 2012	-	9,233	9,233	0.0%	22,916	40.3%
2014	July 1, 2012	-	9,233	9,233	0.0%	19,356	47.7%
2015	July 1, 2014	-	2,810	2,810	0.0%	22,034	12.8%

See Note 9 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost, Net OPEB Obligation, funded status and funding progress.

See accompanying Independent Auditor's Report.

SUPPLEMENTARY INFORMATION

FORT DODGE COMMUNITY SCHOOL DISTRICT

NONMAJOR GOVERNMENTAL FUND

Special Revenue Funds:

These funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Student Activity Fund:

This fund accounts for funds raised by student groups. Under State Law, the Board retains responsibility for the Student Activity Fund's ultimate disposition.

FORT DODGE COMMUNITY SCHOOL DISTRICT

Schedule 1

BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2015

	Assets	Student Activity
Cash and pooled investments		\$ 469,976
Receivables:		
Interfund receivable		4,365
Total assets		\$ 474,341
	Liabilities and Fund Balances	
Liabilities:		
Accounts payable		\$ 44,014
Interfund payable		52,736
Total liabilities		96,750
Fund balances:		
Restricted for:		
Student activities		377,591
Total fund balances		377,591
Total liabilities and fund balances		\$ 474,341

See accompanying independent auditor's report.

FORT DODGE COMMUNITY SCHOOL DISTRICT

Schedule 2

**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2015**

	<u>Student Activity</u>
Revenues:	
Local sources:	
Other	\$ 860,808
Total revenues	<u>860,808</u>
Expenditures:	
Current:	
Instruction	907,221
Total expenditures	<u>907,221</u>
Change in fund balance	(46,413)
Fund balance beginning of year	<u>424,004</u>
Fund balance end of year	<u>\$ 377,591</u>

See accompanying independent auditor's report.

COMBINING BALANCE SHEET
CAPITAL PROJECTS ACCOUNTS
June 30, 2015

	Capital Projects			
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Other Construction Projects	Total
Assets				
Cash and pooled investments	\$ 1,444,389	\$ 1,175,175	\$ -	\$ 2,619,564
Receivables:				
Property tax:				
Current year	-	15,795	-	15,795
Succeeding year	-	1,345,827	-	1,345,827
Interfund receivable	-	742,221	-	742,221
Due from other governments	548,646	-	-	548,646
Income surtax	-	230,365	-	230,365
Total assets	\$ 1,993,035	\$ 3,509,383	\$ -	\$ 5,502,418
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	\$ 9,692	\$ 144,720	\$ -	\$ 154,412
Total liabilities	9,692	144,720	-	154,412
Deferred Inflows of Resources				
Unavailable resources:				
Succeeding year property tax	-	1,345,827	-	1,345,827
Succeeding year income surtax	-	230,365	-	230,365
Total deferred inflows of resources	-	1,576,192	-	1,576,192
Fund Balances:				
Restricted for:				
School infrastructure	1,983,343	-	-	1,983,343
Physical plant and equipment	-	1,788,471	-	1,788,471
Total fund balances	1,983,343	1,788,471	-	3,771,814
Total liabilities, deferred inflows of resources and fund balances	\$ 1,993,035	\$ 3,509,383	\$ -	\$ 5,502,418

See accompanying Independent Auditor's Report.

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS ACCOUNTS
Year Ended June 30, 2015**

	Capital Projects			
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Other Construction Projects	Total
Revenues:				
Local sources:				
Local tax	\$ -	\$ 1,314,008	\$ -	\$ 1,314,008
Other	8,914	17,421	89	26,424
State sources	3,540,103	24,191	-	3,564,294
Total revenues	3,549,017	1,355,620	89	4,904,726
Expenditures:				
Instruction:				
Regular	\$ -	\$ 4,838	\$ -	\$ 4,838
Support services:				
Instructional staff	-	12,086	-	12,086
Administration	-	238	-	238
Operation and maintenance of plant	-	6,650	-	6,650
Other expenditures:				
Facilities acquisition	223,655	685,687	-	909,342
Total expenditures	223,655	709,499	-	933,154
Excess of revenues over expenditures	3,325,362	646,121	89	3,971,572
Other financing sources (uses):				
Intrafund transfers in *	409,816	-	-	409,816
Intrafund transfers out *	-	(734)	(409,082)	(409,816)
Interfund transfers out	(2,612,724)	-	-	(2,612,724)
Proceeds from the disposal of real or personal property	-	342,016	-	342,016
Total other financing sources (uses)	(2,202,908)	341,282	(409,082)	(2,270,708)
Change in fund balances	1,122,454	987,403	(408,993)	1,700,864
Fund balances, beginning of year	860,889	801,068	408,993	2,070,950
Fund balances, end of year	\$ 1,983,343	\$ 1,788,471	\$ -	\$ 3,771,814

* These amounts have been removed from the face of the basic financial statements.

See accompanying Independent Auditor's Report.

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2015

	Self-funded Health Plan	Self-funded Dental Plan	Flex Benefit Plan	Total
Assets				
Cash and pooled investments	\$ 1,857,772	\$ 198,852	\$ 9,865	\$ 2,066,489
Receivables:				
Intrafund *	-	171	-	171
Other	1,056	-	-	1,056
	<u>\$ 1,858,828</u>	<u>\$ 199,023</u>	<u>\$ 9,865</u>	<u>\$ 2,067,716</u>
Liabilities				
Accounts payable	\$ -	\$ 4,327	\$ -	\$ 4,327
Intrafund payable *	171	-	-	171
	<u>171</u>	<u>4,327</u>	<u>-</u>	<u>4,498</u>
Net Position				
Unrestricted	<u>1,858,657</u>	<u>194,696</u>	<u>9,865</u>	<u>2,063,218</u>
Total liabilities and net position	<u>\$ 1,858,828</u>	<u>\$ 199,023</u>	<u>\$ 9,865</u>	<u>\$ 2,067,716</u>

* These amounts have been removed from the face of the basic financial statements.

See accompanying Independent Auditor's Report.

**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
Year Ended June 30, 2015**

	Self-funded Health Plan	Self-funded Dental Plan	Flex Benefit Plan	Total
Operating Revenues:				
Local sources:				
Insurance contributions	\$ 5,808,697	\$ 225,251	\$ -	\$ 6,033,948
Flex contributions	-	-	54,887	54,887
Total operating revenues	5,808,697	225,251	54,887	6,088,835
Operating Expenses:				
Support services:				
Premium and administration costs	4,464,825	243,537	-	4,708,362
Flex benefits	-	-	48,723	48,723
Total operating expenses	4,464,825	243,537	48,723	4,757,085
Operating income (loss)	1,343,872	(18,286)	6,164	1,331,750
Non-operating Revenues:				
Interest	4,810	795	117	5,722
Change in net position	1,348,682	(17,491)	6,281	1,337,472
Net position, beginning of year	509,975	212,187	3,584	725,746
Net position, end of year	\$ 1,858,657	\$ 194,696	\$ 9,865	\$ 2,063,218

See accompanying Independent Auditor's Report.

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year Ended June 30, 2015

	Self-funded Health Plan	Self-funded Dental Plan	Flex Benefit Plan	Total
Cash Flows from Operating Activities:				
Cash received from contributions	\$ 5,889,911	\$ 225,251	\$ 54,887	\$ 6,170,049
Cash payments for claims	-	-	(48,723)	(48,723)
Cash payments for services	(4,464,825)	(245,370)	-	(4,710,195)
Net cash provided by (used in) operating activities	1,425,086	(20,119)	6,164	1,411,131
Cash Flows from Non-capital Financing Activities:				
Interest on investments	4,810	795	117	5,722
Receipt of intrafund receivable	171	-	-	171
Advance of intrafund payable	-	(171)	-	(171)
Net cash provided by financing activities	4,981	624	117	5,722
Net increase (decrease) in cash	1,430,067	(19,495)	6,281	1,416,853
Cash, beginning of year	427,705	218,347	3,584	649,636
Cash, end of year	\$ 1,857,772	\$ 198,852	\$ 9,865	\$ 2,066,489
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 1,343,872	\$ (18,286)	\$ 6,164	\$ 1,331,750
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Decrease in receivables	81,214	-	-	81,214
(Decrease) in accounts payable	-	(1,833)	-	(1,833)
Net cash provided by (used in) operating activities	\$ 1,425,086	\$ (20,119)	\$ 6,164	\$ 1,411,131

See accompanying Independent Auditor's Report.

FORT DODGE COMMUNITY SCHOOL DISTRICT

STATISTICAL SECTION

FORT DODGE COMMUNITY SCHOOL DISTRICT

STATISTICAL SECTION (Unaudited)

The statistical section of the District's comprehensive annual financial reports presents detailed information as a context for understanding what the information presented in the financial statements, note disclosures and required supplementary information say about the District's overall financial health.

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Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well being have changed over time.	1 – 7	73 – 79
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue sources, the property tax.	8 – 11	80 – 83
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current level of outstanding debt and the District's ability to issue additional debt in the future.	12 – 14	84 – 86
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place, and to help make comparisons over time and with other governments.	15 – 17	87 – 89
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Fort Dodge Community School District

Net Position by Component
Last Ten Fiscal Years*
(accrual basis of accounting)
(Unaudited)

	2006	2007	2008	2009
Governmental activities:				
Net investment in capital assets	\$ 13,501,502	\$ 14,325,609	\$ 16,997,726	\$ 17,836,493
Restricted	2,460,485	4,062,467	3,272,163	5,646,826
Unrestricted	2,701,454	1,755,572	1,531,036	1,633,944
Total governmental activities				
net position	<u>\$ 18,663,441</u>	<u>\$ 20,143,648</u>	<u>\$ 21,800,925</u>	<u>\$ 25,117,263</u>
Business-type activities:				
Net investment in capital assets	\$ 110,927	\$ 132,331	\$ 160,339	\$ 162,426
Unassigned	92,157	209,805	221,340	307,403
Total business-type activities				
net position	<u>\$ 203,084</u>	<u>\$ 342,136</u>	<u>\$ 381,679</u>	<u>\$ 469,829</u>
Primary government:				
Net investment in capital assets	\$ 13,612,429	\$ 14,457,940	\$ 17,158,065	\$ 17,998,919
Restricted	2,460,485	4,062,467	3,272,163	5,646,826
Unrestricted	2,793,611	1,965,377	1,752,376	1,941,347
Total primary government				
net position	<u>\$ 18,866,525</u>	<u>\$ 20,485,784</u>	<u>\$ 22,182,604</u>	<u>\$ 25,587,092</u>

Statistic 1

Fiscal Year							
2010	2011	2012	2013	2014	2015		
\$ 19,370,712	\$ 23,191,190	\$ 26,278,268	\$ 23,146,756	\$ 24,953,137	\$ 23,260,054		
6,876,853	5,908,765	4,508,274	9,115,843	5,569,569	11,590,540		
(206,130)	1,267,988	2,720,360	3,328,491	5,962,405	(10,190,211)		
\$ 26,041,435	\$ 30,367,943	\$ 33,506,902	\$ 35,591,090	\$ 36,485,111	\$ 24,660,383		
\$ 156,766	\$ 185,454	\$ 208,006	\$ 178,000	\$ 188,490	\$ 169,247		
384,741	405,929	384,223	437,069	480,161	543,894		
\$ 541,507	\$ 591,383	\$ 592,229	\$ 615,069	\$ 668,651	\$ 713,141		
\$ 19,527,478	\$ 23,376,644	\$ 26,486,274	\$ 23,324,756	\$ 25,141,627	\$ 23,429,301		
6,876,853	5,908,765	4,508,274	9,115,843	5,569,569	11,590,540		
178,611	1,673,917	3,104,583	3,765,560	6,442,566	(9,646,317)		
\$ 26,582,942	\$ 30,959,326	\$ 34,099,131	\$ 36,206,159	\$ 37,153,762	\$ 25,373,524		

Fort Dodge Community School District

**Expenses, Program Revenues and Net (Expense) Revenue
Last Ten Fiscal Years*
(accrual basis of accounting)
(Unaudited)**

	2006	2007	2008	2009
Expenses:				
Governmental activities:				
Instruction	\$ 22,596,742	\$ 24,685,058	\$ 26,278,762	\$ 27,328,550
Support services:				
Student services	1,676,128	1,724,735	1,811,705	1,945,881
Instructional services	1,874,893	1,789,751	1,622,792	2,577,602
Administration services	3,494,412	3,752,723	3,786,616	3,944,250
Operation and maintenance of plant	3,043,608	2,914,438	3,211,966	3,074,296
Pupil transportation services	1,095,412	1,106,421	1,190,841	1,004,210
Central support services	-	-	-	-
Noninstructional programs	24,210	25,755	13,391	25,049
Facilities acquisition	100,056	283,730	298,271	529,517
Long-term debt interest and fiscal charges	208,226	155,937	80,004	-
AEA flowthrough	1,333,850	1,430,875	1,496,741	1,559,569
Depreciation (unallocated)	628,514	655,711	666,078	729,757
Total governmental activities expenses	36,076,051	38,525,134	40,457,167	42,718,681
Business-type activities, nutrition	1,596,042	1,616,751	1,728,573	1,753,249
Total primary government expenses	\$ 37,672,093	\$ 40,141,885	\$ 42,185,740	\$ 44,471,930
Program revenues:				
Governmental activities:				
Charges for services:				
Instruction	\$ 2,176,888	\$ 2,257,878	\$ 2,280,011	\$ 2,215,244
Support services	31,340	41,138	43,339	44,421
Operating grants and contributions	4,545,544	5,202,843	6,023,054	7,793,068
Capital grants and contributions	-	100,000	360,462	288,367
Total governmental activities program revenues	6,753,772	7,601,859	8,706,866	10,341,100
Business-type activities:				
Charges for services, nutrition	744,036	816,050	765,983	731,955
Operating grants and contributions	908,450	931,998	996,472	1,107,176
Capital grants and contributions	-	-	-	-
Total business-type program revenues	1,652,486	1,748,048	1,762,455	1,839,131
Total primary government program revenues	\$ 8,406,258	\$ 9,349,907	\$ 10,469,321	\$ 12,180,231
Net (expense) revenue:				
Governmental activities	\$ (29,322,279)	\$ (30,923,275)	\$ (31,750,301)	\$ (32,377,581)
Business-type activities	56,444	131,297	33,882	85,882
Total primary government net expense	\$ (29,265,835)	\$ (30,791,978)	\$ (31,716,419)	\$ (32,291,699)

Statistic 2

Fiscal Year							
2010	2011	2012	2013	2014	2015		
\$ 28,090,953	\$ 27,397,925	\$ 27,068,019	\$ 26,524,935	\$ 25,719,255	\$ 26,221,950		
1,950,853	1,932,274	1,948,544	1,883,569	2,024,988	1,669,616		
2,462,322	2,643,447	2,702,515	2,577,114	2,143,504	1,841,517		
3,990,588	3,777,380	4,028,872	3,906,223	4,243,014	3,916,208		
3,041,546	3,003,684	3,125,868	3,227,015	6,268,156	5,070,926		
1,037,477	1,091,496	1,215,745	1,211,024	1,300,391	1,528,446		
-	-	-	-	-	-		
35,181	9,027	8,273	9,213	4,970	3,841		
135,135	189,302	153,475	-	-	-		
-	-	1,046,538	1,315,095	1,294,145	1,242,995		
1,744,044	1,748,108	1,573,604	1,589,663	1,647,708	1,685,930		
783,507	802,616	906,801	907,094	1,568,122	-		
43,271,606	42,595,259	43,778,254	43,150,945	46,214,253	43,181,429		
1,764,208	1,848,393	1,982,211	1,961,295	2,039,678	2,147,809		
\$ 45,035,814	\$ 44,443,652	\$ 45,760,465	\$ 45,112,240	\$ 48,253,931	\$ 45,329,238		
\$ 2,121,778	\$ 2,489,544	\$ 2,573,678	\$ 2,176,525	\$ 1,995,068	\$ 1,973,885		
63,192	72,573	90,820	121,728	113,874	-		
8,328,936	8,650,852	7,818,208	8,210,896	8,461,423	8,358,630		
130,000	106,128	44,760	11,495	37,319	-		
10,643,906	11,319,097	10,527,466	10,520,644	10,607,684	10,332,515		
700,488	701,178	680,663	662,130	660,999	697,803		
1,129,067	1,193,028	1,300,040	1,320,198	1,430,408	1,517,817		
3,840	-	-	-	-	-		
1,833,395	1,894,206	1,980,703	1,982,328	2,091,407	2,215,620		
\$ 12,477,301	\$ 13,213,303	\$ 12,508,169	\$ 12,502,972	\$ 12,699,091	\$ 12,548,135		
\$ (32,627,700)	\$ (31,276,162)	\$ (33,250,788)	\$ (32,630,301)	\$ (35,606,569)	\$ (32,848,914)		
69,187	45,813	(1,508)	21,033	51,729	67,811		
\$ (32,558,513)	\$ (31,230,349)	\$ (33,252,296)	\$ (32,609,268)	\$ (35,554,840)	\$ (32,781,103)		

Fort Dodge Community School District

**General Revenues and Total Change in Net Position
Last Ten Fiscal Years***
(accrual basis of accounting)
(Unaudited)

	2006	2007	2008	2009
Net (expense) revenue:				
Governmental activities	\$ (29,322,279)	\$ (30,923,275)	\$ (31,750,301)	\$ (32,377,581)
Business-type activities	56,444	131,297	33,882	85,882
Total primary government net expense	(29,265,835)	(30,791,978)	(31,716,419)	(32,291,699)
General revenues and other changes in net assets:				
Governmental activities:				
Taxes:				
Property taxes levied for general purposes	11,975,235	11,291,529	11,453,968	12,030,541
Property taxes levied for capital outlay	790,976	793,056	802,698	807,337
Property taxes levied debt service	-	-	-	-
Income Surtax	541,695	608,405	1,004,492	682,423
Statewide sales, services and use tax	1,949,301	1,956,116	2,008,936	4,061,477
Unrestricted grants and contributions	16,027,153	16,976,374	17,697,874	17,770,730
Unrestricted Investment earnings	347,945	436,920	285,560	84,085
Other	260,661	341,082	154,050	257,326
Total governmental activities	31,892,966	32,403,482	33,407,578	35,693,919
Business-type activities, investment earnings	4,795	7,755	5,661	2,268
Total primary government	31,897,761	32,411,237	33,413,239	35,696,187
Change in net position:				
Governmental activities	2,570,687	1,480,207	1,657,277	3,316,338
Business-type activities	61,239	139,052	39,543	88,150
Total primary government	\$ 2,631,926	\$ 1,619,259	\$ 1,696,820	\$ 3,404,488

Statistic 3

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ (32,627,700)	\$ (31,276,162)	\$ (33,250,788)	\$ (32,630,301)	\$ (35,606,569)	\$ (32,848,914)
69,187	45,813	(1,508)	21,033	51,729	67,811
(32,558,513)	(31,230,349)	(33,252,296)	(32,609,268)	(35,554,840)	(32,781,103)
12,561,345	13,332,443	13,573,867	12,561,620	12,879,378	12,751,972
818,293	836,953	858,151	897,211	932,823	1,338,199
-	-	-	-	-	-
537,731	598,400	584,010	589,334	719,872	745,346
2,536,509	3,051,186	3,148,552	3,178,566	3,227,146	3,540,103
16,675,746	17,404,614	17,640,717	17,095,868	17,946,255	19,800,927
100,379	134,291	90,004	144,842	100,673	106,667
321,869	244,783	494,446	247,048	694,443	506,497
33,551,872	35,602,670	36,389,747	34,714,489	36,500,590	38,789,711
2,491	4,063	2,354	1,807	1,853	1,974
33,554,363	35,606,733	36,392,101	34,716,296	36,502,443	38,791,685
924,172	4,326,508	3,138,959	2,084,188	894,021	5,940,797
71,678	49,876	846	22,840	53,582	69,785
\$ 995,850	\$ 4,376,384	\$ 3,139,805	\$ 2,107,028	\$ 947,603	\$ 6,010,582

Fort Dodge Community School District

Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	2006	2007	2008	2009
General Fund:				
Reserved	\$ 6,026	\$ 30,594	\$ 67,151	\$ 263,880
Unreserved	5,036,555	4,263,751	4,226,934	4,385,878
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total general fund	\$ 5,042,581	\$ 4,294,345	\$ 4,294,085	\$ 4,649,758
All other governmental funds:				
Reserved	\$ -	\$ -	\$ -	\$ -
Debt service funds	100,323	99,939	-	-
Other reserved	-	-	-	-
Unreserved, reported in:				
Capital projects funds	1,388,726	2,572,365	2,066,338	4,850,547
Special revenue funds	1,189,280	1,449,930	1,168,109	981,597
Restricted for the following purposes:				
Debt service	-	-	-	-
Revenue bond reserve	-	-	-	-
Management levy purposes	-	-	-	-
Student activity	-	-	-	-
Other capital projects	-	-	-	-
School infrastructure	-	-	-	-
Physical plant and equipment	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	\$ 2,678,329	\$ 4,122,234	\$ 3,234,447	\$ 5,832,144

Statistic 4

Fiscal Year							
2010	2011	2012	2013	2014	2015		
\$ 870,606	\$ 3,133	\$ 6,923	\$ 53,393	\$ -	\$ -		
4,043,233	-	-	-	-	-		
-	1,186,873	1,470,008	1,320,149	922,261	799,791		
-	-	-	-	-	-		
-	-	-	-	-	-		
-	5,052,673	6,724,117	6,927,000	7,669,304	8,664,796		
\$ 4,913,839	\$ 6,242,679	\$ 8,201,048	\$ 8,300,542	\$ 8,591,565	\$ 9,464,587		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
-	-	-	-	-	-		
-	-	-	-	-	-		
-	-	-	-	-	-		
5,665,378	-	-	-	-	-		
911,452	-	-	-	-	-		
-	-	939,780	1,323,459	1,340,388	1,342,948		
-	-	3,049,500	3,049,500	3,049,500	3,049,500		
-	940,437	489,450	1,013,502	2,100,557	2,248,896		
-	289,864	266,369	341,139	424,004	377,591		
-	-	12,778,475	142,116	408,993	-		
-	4,145,994	5,113,923	4,504,002	755,889	1,983,343		
-	286,034	121,793	526,490	906,068	1,788,471		
-	-	-	-	-	-		
\$ 6,576,830	\$ 5,662,329	\$ 22,759,290	\$ 10,900,208	\$ 8,985,399	\$ 10,790,749		

Fort Dodge Community School District

Governmental Funds Revenues

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	2006	2007	2008	2009
Federal Sources	\$ 1,818,330	\$ 2,015,599	\$ 2,037,000	\$ 2,910,717
State Sources	18,836,062	20,250,336	21,631,978	22,641,130
Intermediate Sources	2,150	39,655	30	25,979
Local Sources:				
Local taxes	14,715,512	14,605,291	15,044,903	17,570,913
Tuition	901,333	1,003,395	1,118,721	1,147,876
Other revenues	1,828,077	2,058,468	2,051,673	1,717,814
Total local sources	17,444,922	17,667,154	18,215,297	20,436,603
Total revenues	\$ 38,101,464	\$ 39,972,744	\$ 41,884,305	\$ 46,014,429

Statistic 5

Fiscal Year							
2010	2011	2012	2013	2014	2015		
\$ 4,981,956	\$ 3,823,588	\$ 2,572,107	\$ 3,061,994	\$ 2,962,721	\$ 3,356,727		
20,009,076	22,210,714	22,526,726	22,008,765	26,678,199	28,254,030		
144,810	-	4,000	8,368	1,821	345		
16,550,866	17,843,213	18,169,182	17,254,503	14,485,419	14,532,156		
1,062,901	1,489,211	1,439,931	1,039,204	929,004	854,832		
1,540,162	1,565,601	2,165,232	1,890,561	1,991,867	1,714,763		
19,153,929	20,898,025	21,774,345	20,184,268	17,406,290	17,101,751		
\$ 44,289,771	\$ 46,932,327	\$ 46,877,178	\$ 45,263,395	\$ 47,049,031	\$ 48,712,853		

Fort Dodge Community School District

Governmental Funds Expenditures and Debt Service Ratio
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Unaudited)

	2006	2007	2008	2009
Instruction	\$ 22,472,567	\$ 24,472,714	\$ 25,951,527	\$ 26,846,640
Student Services	1,676,128	1,738,220	1,802,069	1,967,015
Instructional Staff Services	1,874,893	1,809,342	1,692,107	2,567,440
Administration Services	3,455,908	3,718,929	3,730,001	3,865,335
Operation and Maintenance of Plant Services	3,047,374	2,878,088	3,215,165	3,064,931
Transportation Services	993,752	1,095,187	1,243,037	968,941
Central and Other Support Services	-	-	-	-
Non-Instructional Programs	24,210	25,755	13,391	25,049
Capital Outlay:				
Facilities acquisition	1,232,599	902,477	1,304,281	2,216,729
Debt service:				
Principal	990,000	1,045,000	2,250,000	-
Interest and fiscal charges	212,495	160,488	89,943	-
AEA flowthrough	1,333,850	1,430,875	1,496,741	1,559,569
Total expenditures	\$ 37,313,776	\$ 39,277,075	\$ 42,788,262	\$ 43,081,649
Debt service as a percentage of noncapital expenditures	3.45%	3.24%	5.98%	0.00%

Statistic 6

Fiscal Year							
2010		2011		2012		2013	
\$ 26,606,333		\$ 27,416,574		\$ 27,069,380		\$ 26,337,813	
1,933,935		1,917,455		1,931,775		1,878,843	
2,440,974		2,623,174		2,679,260		2,727,009	
3,754,908		3,808,152		4,031,101		3,934,621	
2,984,298		2,981,523		3,120,758		3,195,979	
1,680,534		1,075,374		1,612,758		1,092,684	
-		-		-		-	
35,180		9,027		8,273		9,213	
						-	
2,114,401		4,962,492		17,575,360		14,620,292	
						-	
-		-		-		-	
-		-		785,925		1,645,154	
1,744,044		1,748,108		1,573,604		1,589,663	
						1,647,708	
\$ 43,294,607		\$ 46,541,879		\$ 60,388,194		\$ 57,031,271	
						\$ 48,703,140	
							\$ 46,994,467
0.00%		0.00%		1.87%		4.04%	
						6.40%	
						6.19%	

Fort Dodge Community School District

Other Financing Sources (Uses) and Net Change in Fund Balances

Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Unaudited)

	2006	2007	2008	2009
Excess of revenues over (under) expenditures	\$ 787,688	\$ 695,669	\$ (903,957)	\$ 2,932,780
Other financing sources (uses):				
Sale of equipment	3,579	-	15,910	20,590
Bond premium	-	-	-	-
Interfund transfers in	1,311,120	1,853,942	2,311,677	19,955
Interfund transfers out	(1,311,120)	(1,853,942)	(2,311,677)	(19,955)
Revenue bonds issued	-	-	-	-
Total other financing sources (uses)	3,579	-	15,910	20,590
Net change in fund balances	\$ 791,267	\$ 695,669	\$ (888,047)	\$ 2,953,370

Source: School District Financial Records

Statistic 7

Fiscal Year							
2010	2011	2012	2013	2014	2015		
\$ 995,164	\$ 390,448	\$ (13,511,016)	\$ (11,767,876)	\$ (1,654,109)	\$ 2,334,220		
13,603	23,891	53,004	8,288	30,323	\$ 344,152		
-	-	2,018,342	-	-	-		
2,750	78,831	3,991,894	2,044,787	2,625,790	2,612,724		
(2,750)	(78,831)	(3,991,894)	(2,044,787)	(2,625,790)	(2,612,724)		
-	-	30,495,000	-	-	-		
13,603	23,891	32,566,346	8,288	30,323	344,152		
\$ 1,008,767	\$ 414,339	\$ 19,055,330	\$ (11,759,588)	\$ (1,623,786)	\$ 2,678,372		

**Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year Ended June 30,	Actual Value			Total Actual Value	Total Taxable Value	Total Direct Rate (a)
	Residential Property	Commercial Property	Agricultural and Other Property			
2006	\$ 802,073,123	\$ 250,070,530	\$ 160,773,447	\$ 1,212,917,100	\$ 791,415,551	\$ 15.89772
2007	810,841,646	256,183,335	170,632,149	1,237,657,130	790,041,495	15.65813
2008	824,437,141	261,149,141	177,395,223	1,262,981,505	801,458,851	15.75483
2009	837,427,270	262,815,827	193,591,365	1,293,834,462	808,838,115	16.37612
2010	845,488,704	258,358,060	200,604,900	1,304,451,664	824,276,257	16.84234
2011	851,269,319	255,387,088	244,379,417	1,351,035,824	843,625,089	17.45222
2012	854,087,950	257,627,079	245,487,772	1,357,202,801	865,556,648	17.39620
2013	874,474,263	259,371,393	270,392,660	1,404,238,316	898,862,785	15.48989
2014	877,761,348	261,103,323	272,607,057	1,411,471,728	923,231,535	15.45853
2015	891,585,253	273,850,678	251,420,689	1,416,856,620	942,007,617	15.45754

Source: Webster County Auditor.

Note: The actual values are determined as of January 1, of the calendar year prior to the fiscal year indicated. These actual values are used to calculate the taxable values for the second budget following assessment date.

(a) Per \$1,000 of assessed value.

Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(rate per \$1,000 of assessed value)
(Unaudited)

Fiscal Year Ended June 30	District Direct Rates				Overlapping Rates			
	General Purposes	Capital Purposes	Debt Service Purposes	Total	Webster County	City of Fort Dodge	Community College	Other
2006	14.89772	1.00000	0.00000	15.89772	6.76218	17.03176	0.86610	0.46764
2007	14.65813	1.00000	0.00000	15.65813	6.93691	16.98749	0.68343	0.47313
2008	14.75483	1.00000	0.00000	15.75483	6.93469	16.99747	0.67603	0.47554
2009	15.37612	1.00000	0.00000	16.37612	6.75687	16.45243	1.03807	0.46914
2010	15.84234	1.00000	0.00000	16.84234	6.85437	17.04193	0.93177	0.53542
2011	16.45222	1.00000	0.00000	17.45222	6.92838	18.44179	0.97767	0.54209
2012	16.39620	1.00000	0.00000	17.39620	6.77783	19.92702	0.87149	0.50087
2013	14.49627	1.00000	0.00000	15.49627	6.49196	20.81519	0.81973	0.41881
2014	14.45853	1.00000	0.00000	15.45853	6.52995	20.81519	0.87786	0.41639
2015	14.03409	1.42345	0.00000	15.45754	6.51388	20.47230	0.89671	0.44866

Source: Webster County Auditor and Iowa Department of Management. & Piper Jaffray

Other column consists of Webster County Ag. Extension, Webster County Assessor, and State TB Eradication Levies.

**Principal Property Taxpayers
Current Year and Five Years Ago
(Unaudited)**

Taxpayer	2015			2009		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
Mid American Energy Co	\$ 45,330,668	1	4.91%	\$ 39,187,854	1	4.91%
Boehringer Ingelheim	17,075,963	2	1.85%	17,231,320	2	2.16%
Union Pacific Railroad Co	8,570,762	3	0.93%	5,353,215	11	0.67%
Koch Nitrogen	8,076,980	4	0.87%	7,225,240	8	0.90%
Crossroads Mall 1999 LLC	8,011,132	5	0.87%	9,400,000	3	1.18%
Wal-Mart Real Estate Business	7,257,535	6	0.79%	7,636,510	5	0.96%
Trinity Building Corp.	6,917,084	7	0.75%	7,281,140	7	0.91%
Menards Inc.	6,808,432	8	0.74%	7,297,700	6	0.91%
Northern Natural gas	6,520,450	9	0.71%	6,733,117	9	0.84%
US Gypsum Co	5,258,277	10	0.57%	5,916,100	10	0.74%
Friendship Haven	4,970,910	11	0.54%	8,937,660	4	1.12%
Calcium Products, Inc.	4,484,949	12	0.49%	-		0.00%
Van Diest Family LLC	4,100,078	13	0.44%	-		0.00%
BHJ USA Inc.	3,999,663	14	0.43%	-		0.00%
Can (WI) QRS 12-34 Inc.	3,936,479	15	0.43%	3,866,419	15	0.48%
Art Mort Borrower Propco 2006	3,861,209	16	0.42%	4,064,430	12	0.51%
Dayton Hudson Corp.	3,860,116	17	0.42%	4,063,280	13	0.52%
Cole Ko Fort Dodge IA LLC	3,699,908	18	0.40%	-		0.00%
Colby Charles I & Ruth	3,680,386	19	0.40%	3,874,090	14	0.48%
Allied Investment Prop LLC	3,495,705	20	0.38%	-		0.00%
Nestle Good Company	3,335,032		0.36%	3,407,640	17	0.43%
Johnson Automotive	2,989,945		0.32%	3,160,060	19	0.40%
National Gypsum Co.	2,994,867		0.32%	3,265,200	18	0.41%
Tifftra LLC	1,663,836		0.18%	-		0.00%
Omaha Cold Storage	-		0.00%	3,816,670	16	0.48%
U. S. Bank, NA	-		0.00%	2,962,140	20	0.37%
All other taxpayers	752,331,169		81.49%	644,194,208	-	80.64%
Total	\$ 923,231,535		100.00%	\$ 798,873,993		100.00%

Source: Webster County Auditor.

*2009 was earliest date information was available from Webster County.

Property Tax Levies and Collections
Last Seven Fiscal Years
(Unaudited)

Fiscal Year	Taxes Levied for the Fiscal Year		Collected Within the Fiscal Year of the Levy		Collections In Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2008	\$	12,236,691	\$ 12,210,243	99.78%	20,011	\$ 12,230,254	99.95%
2009		12,836,328	12,793,551	99.67%	19,408	12,812,960	99.82%
2010		13,480,309	13,348,818	99.02%	5,424	13,354,242	99.06%
2011		14,285,727	14,141,625	98.99%	1,191	14,142,816	99.00%
2012		14,561,840	14,400,570	98.89%	2,566	14,403,136	98.91%
2013		13,484,315	13,461,984	99.83%	13,331	13,475,315	99.93%
2014		13,789,018	13,729,430	99.57%	1,936	13,731,366	99.58%
2015		13,934,752	13,834,841	99.28%	31,513	13,866,353	99.51%

Source: Webster County Auditor and District records.

*2007-2008 was the earliest date information was available from Webster County.

Fort Dodge Community School District

**Outstanding Debt By Type
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year	General Obligation Bonds Outstanding	Revenue Bonds	Capital Leases	Capital Loan Notes	Early Retirement	Compensated Absences
2006	\$ -	\$ 3,295,000	\$ -	\$ -	\$ 291,855	\$ 2,879,211
2007	-	2,250,000	-	-	90,999	3,178,994
2008	-	-	-	-	148,348	3,493,056
2009	-	-	-	-	586,939	3,338,923
2010	-	-	-	-	1,716,952	3,577,820
2011	-	-	-	-	1,431,605	3,541,555
2012	-	30,495,000	-	-	1,288,184	3,254,897
2013	-	30,495,000	-	-	1,245,887	3,307,056
2014	-	29,260,000	-	-	675,409	3,447,669
2015	-	27,975,000	-	-	286,419	3,066,382

Source: District records

Statistic 12

Net OPEB Liability	Total Primary Government	Percentage of Personal Income	Per Capita
\$ -	\$ 6,466,066	0.57%	\$ 167.68
-	5,519,993	0.47%	143.25
-	3,641,404	0.29%	94.85
154,000	4,079,862	0.30%	106.60
308,000	5,602,772	0.43%	146.23
535,000	5,508,160	0.41%	145.40
764,000	35,802,081	2.41%	950.67
950,000	35,997,943	N/A	971.76
1,036,000	34,419,078	N/A	N/A
1,087,253	27,975,000	N/A	N/A

**Direct and Overlapping Governmental Activities Debt
As of June 30, 2015
(Unaudited)**

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Direct and Overlapping Debt
City of Badger	\$ -	100.00%	\$ -
City of Fort Dodge	107,158,500	100.00%	107,158,500
City of Otho	225,000	100.00%	225,000
Webster County	8,823,626	57.56%	5,078,879
Iowa Central Community College	40,160,000	12.90%	5,180,640
AEA #8 - Prairie Lakes	800,000	7.21%	57,680
Subtotal, overlapping debt			<u>117,700,699</u>
District direct debt			<u>30,495,000</u>
Total direct and overlapping debt			<u><u>\$ 148,195,699</u></u>

Source: Webster County Auditor & Piper Jaffray

* Estimate is based upon overlapping total assessed value and assessed value within Fort Dodge Community School District boundaries.

Fort Dodge Community School District

**Legal Debt Margin Information
Last Ten Fiscal Years
(Unaudited)**

	2006		2007		2008		2009	
Debt limit	\$	60,645,855	\$	61,882,857	\$	63,149,075	\$	64,691,723
Total net debt applicable to limit		3,295,000		2,250,000		-		-
Debt service reserve fund balances		-		-		-		-
Legal debt margin	\$	57,350,855	\$	59,632,857	\$	63,149,075	\$	64,691,723
Total net debt applicable to the limit as a percentage of debt limit		5.43%		3.64%		0.00%		0.00%

Source: Webster County Auditor and District Records.

Notes:

It has not been determined if Sales Tax debt is counted toward the statutory debt limit. This table assumes that Sales Tax debt is required to be included in that calculation.

Statistic 14

Legal Debt Margin Calculation for Fiscal Year 2015
Assessed value (a)

\$1,466,806,948

Debt limit (5% of assessed value)(b)

\$ 73,370,347

Debt applicable to limit

27,687,211

Debt service reserve fund balance

3,049,500

Legal debt margin

\$ 48,702,636

	2010		2011		2012		2013		2014		2015
\$	65,222,583	\$	67,551,791	\$	67,860,140	\$	70,211,916	\$	70,573,586	\$	73,340,347
	-		-		30,495,000		30,495,000		30,495,000		27,687,211
	-		-		3,049,500		3,049,500		3,049,500		3,049,500
\$	65,222,583	\$	67,551,791	\$	40,414,640	\$	42,766,416	\$	43,128,086	\$	48,702,636
	0.00%		0.00%		40.44%		39.09%		38.89%		33.59%

Demographic and Economic Statistics
Last Ten Calendar Years
(Unaudited)

Calendar Year	Population (a)	Personal Income (In Thousands) (a)	Per Capita Personal Income (a)	Fort Dodge MSA Unemployment Rate (b)
2005	38,562	\$ 1,127,209	\$ 29,231	4.3%
2006	38,534	1,179,301	30,604	4.0%
2007	38,393	1,263,132	32,900	4.0%
2008	38,273	1,381,767	36,103	4.2%
2009	38,316	1,310,772	34,210	7.2%
2010	37,884	1,333,518	35,200	7.7%
2011	37,660	1,486,329	39,467	8.0%
2012	37,273	1,606,522	43,101	6.1%
2013	37,044	1,491,540	40,264	6.0%
2014	36,955	1,560,189	42,219	4.3%

* Information not available

Notes:

Data provided is for the Fort Dodge Micropolitan Statistical Area consisting of Webster

Sources: Bureau of Economic Analysis

(a) Bureau of Economic Analysis

(b) Iowa Workforce Development

**Principal Employers
Current Year and Nine Years Ago
(Unaudited)**

Employer	2015			2006		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Trinity Regional Hospital	1,189	1	7.14%	972	1	5.01%
Decker Truck Lines	821	2	4.93%	714	3	3.68%
Iowa Central Community College	802	3	4.81%	621	4	3.20%
Fort Dodge Community Schools	530	4	3.18%	494	5	2.55%
New Co-op	485	5	2.91%	160	10	0.82%
Boehringer Ingelheim	450	6	2.70%	782	2	4.03%
Fort Dodge Correctional Facility	366	7	2.20%	386	6	1.99%
Friendship Haven	312	8	1.87%	219	7	1.13%
Nestle Purina Pet Care Products	192	9	1.15%	150	11	0.77%
Silgan Containers	168	10	1.01%	149	12	0.77%
City of Fort Dodge	182	11	1.09%	187	8	0.96%
CJ Bio America	171	12	1.03%	-		0.00%
Heartland Communications	113	13	0.68%	175	9	0.90%
United States Gypsum	111	14	0.67%	110	13	0.57%
National Gypsum	74	15	44.00%	72	14	0.37%
Georgia-Pacific Corporation	70	16	0.42%	92	15	47.00%
All other employers	10,624		63.77%	14,117		72.77%
Total	16,660		100.00%	19,400		100.00%

Source: City of Fort Dodge and Iowa Department of Economic Development.

Fort Dodge Community School District

**Full-Time Equivalent District Employees By Type
Last Ten Fiscal Years
(Unaudited)**

	2006	2007	2008	2009
Supervisory:				
Superintendent	1.00	1.00	1.00	1.00
Principals	8.00	8.00	8.00	7.00
Assistant principals	4.00	5.00	5.00	5.00
All other administrators	-	-	-	-
Total supervisory	13.00	14.00	14.00	13.00
Instruction:				
Teachers	309.58	312.40	295.40	286.56
Paraprofessionals	85.20	87.70	85.50	85.04
All other instruction	4.36	4.69	3.69	4.68
Total instruction	399.14	404.79	384.59	376.28
Student services:				
Guidance counselors	10.00	12.00	12.00	11.00
Media specialists/Librarians	5.00	6.00	6.00	5.00
Nurses	8.00	8.00	8.00	7.00
All other student services	16.00	16.50	19.00	17.80
Total student services	39.00	42.50	45.00	40.80
Support and administration:				
Office/Clerical	32.94	32.94	32.63	30.63
Transportation	8.90	8.90	8.90	8.90
Custodial maintenance	37.00	37.00	37.00	36.00
All other support	8.00	7.00	6.00	7.00
Total support and administration	86.84	85.84	84.53	82.53
Total	537.98	547.13	528.12	512.60

Source: District records

Full-Time Equivalent Employees as of June 30,						Percentage Change
2010	2011	2012	2013	2014	2015	2006 - 2015
1.00	1.00	1.00	1.00	1.00	1.00	0.00%
7.00	7.00	7.00	8.00	7.00	7.00	-12.50%
5.00	4.00	5.00	5.00	3.00	5.00	25.00%
-	-	-	-	9.00	8.00	0.00%
13.00	12.00	13.00	14.00	20.00	21.00	61.54%
268.56	269.74	258.92	252.58	253.58	259.02	-16.33%
97.72	94.56	95.12	91.56	99.57	88.97	4.39%
1.63	1.19	3.00	2.00	2.84	1.62	-62.80%
367.91	365.49	357.04	346.14	355.99	349.58	-12.42%
12.00	11.00	11.00	11.00	10.00	10.00	0.00%
5.00	4.00	4.00	3.00	1.00	1.00	-80.00%
7.00	7.00	7.00	7.00	7.00	7.00	-12.50%
20.69	22.44	19.50	20.25	17.00	15.75	-1.56%
44.69	44.44	41.50	41.25	35.00	33.75	-13.46%
28.63	28.88	27.88	28.88	27.88	28.00	-15.00%
8.90	8.90	8.90	8.90	10.40	10.40	16.85%
35.00	35.00	34.00	34.00	34.00	35.00	-5.41%
7.00	9.00	9.00	13.00	9.53	9.31	16.38%
79.53	81.78	79.78	84.78	81.81	82.71	-4.76%
505.12	503.71	491.32	486.17	492.80	487.04	-9.47%

Fort Dodge Community School District

**Operating Statistics
Last Ten Fiscal Years
(Unaudited)**

Fiscal Year	Official Enrollment	Governmental Operating Expenditures	Cost Per Pupil	Percentage Change	Business-Type Total Expenses	Cost Per Pupil	Percentage Change
2006	4,091	\$ 35,867,825	\$ 8,769	5.34%	\$ 1,596,042	\$ 390	(0.49)%
2007	4,079	38,369,197	9,406	7.27%	1,616,751	396	1.58%
2008	4,035	40,377,163	10,006	6.38%	1,728,573	428	8.08%
2009	3,983	42,718,681	10,725	7.18%	1,753,249	440	2.75%
2010	3,957	43,271,606	10,937	1.97%	1,764,208	446	1.30%
2011	3,817	42,595,259	11,160	2.04%	1,848,393	484	8.61%
2012	3,738	43,778,254	11,713	4.96%	1,982,211	530	9.52%
2013	3,656	43,150,945	11,801	0.75%	1,961,295	536	1.14%
2014	3,712	46,214,253	12,451	5.50%	2,039,678	550	2.44%
2015	3,730	43,181,429	11,577	(7.02)%	2,215,620	594	7.91%

Source: District records

Note: Expenses represent business-type activity expenses, which includes

Statistic 18

Teaching Staff (in FTE)	Pupil- Teacher Ratio	Percentage of Students Receiving Free or Reduced- Priced Meals
326.58	12.53	46.46%
328.40	12.42	45.22%
315.40	12.79	48.33%
302.56	15.14	52.41%
285.56	14.89	53.04%
284.74	14.62	53.85%
271.62	14.98	54.05%
252.58	15.03	55.95%
253.58	14.64	58.20%
259.02	14.40	59.77%

Fort Dodge Community School District

**School Building Information
Last Ten Fiscal Years
(Unaudited)**

School	2006	2007	2008	2009
Elementary:				
Butler Elementary				
Square feet	70,140	70,140	70,140	70,140
Capacity	462	462	462	462
Enrollment	344	340	339	349
Cooper Elementary				
Square feet	37,065	37,065	37,065	37,065
Capacity	352	352	352	352
Enrollment	264	264	260	254
Duncombe Elementary				
Square feet	46,075	46,075	46,075	46,075
Capacity	330	330	330	330
Enrollment	295	308	319	289
Feelhaber Elementary				
Square feet	26,741	26,741	26,741	26,741
Capacity	220	220	220	220
Enrollment	221	222	236	235
Hillcrest Elementary				
Square feet	23,942	23,942	23,942	23,942
Capacity				
Enrollment	173	161	152	121
Middle Schools				
Fair Oaks Middle School				
Square feet	112,706	112,706	112,706	112,706
Capacity	286	286	286	286
Enrollment	566	561	549	534
Phillips Middle School				
Square feet	149,480	149,480	149,480	149,480
Capacity	308	308	308	308
Enrollment	620	594	568	560
Fort Dodge Middle School				
Square feet	-	-	-	-
Capacity	-	-	-	-
Enrollment	-	-	-	-
High School				
Fort Dodge Senior High				
Square feet	248,300	248,300	248,300	248,300
Capacity	1,500	1,500	1,500	1,500
Enrollment	1,243	1,232	1,274	1,207
Other District Facilities				
Riverside Early Learning Center				
Capacity	308	308	308	308
Enrollment	163	150	157	172
Arey Administration Building				
Square feet	36,589	36,589	36,589	36,589
Capacity	418	418	418	418
Bus Garage				
Square feet	7,200	7,200	7,200	7,200
Capacity	286	286	286	286
Dodger Stadium				
Square feet	6,800	6,800	6,800	6,800
Capacity	418	418	418	418

Statistic 19

Year					
2010	2011	2012	2013	2014	2015
70,140	70,140	70,140	70,140	70,140	70,140
462	462	462	462	462	462
333	345	448	467	481	472
37,065	37,065	37,065	37,065	37,065	37,065
352	352	352	352	352	352
261	247	289	271	268	302
46,075	46,075	46,075	46,075	46,075	46,075
330	330	330	330	330	330
297	268	302	352	315	327
26,741	26,741	26,741	26,741	26,741	26,741
220	220	220	220	220	220
231	225	218	234	231	227
23,942	23,942	23,942	23,942	23,942	23,942
125	143	Closed	Closed	Closed	Closed
112,706	112,706	112,706	112,706	112,706	112,706
286	286	286	286	286	286
521	526	488	Closed	Closed	Closed
149,480	149,480	149,480	149,480	149,480	149,480
308	308	308	308	308	308
488	515	510	Closed	Closed	Closed
-	-	-	190,123	190,123	190,123
-	-	-	1,200	1,200	1,200
-	-	-	1,017	1,046	1,064
248,300	248,300	248,300	248,300	248,300	248,300
1,500	1,500	1,500	1,500	1,500	1,500
1,157	1,204	1,133	1,076	1,107	1,088
30,124	30,124	30,124	30,124	30,124	30,124
308	308	308	308	308	308
165	195	203	98	120	77
36,589	36,589	36,589	36,589	36,589	36,589
418	418	418	418	418	418
7,200	7,200	7,200	7,200	7,200	7,200
286	286	286	286	286	286
6,800	6,800	6,800	6,800	6,800	6,800
418	418	418	418	418	418

FORT DODGE COMMUNITY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2015

Grantor/Program	CFDA Number	Grant Number	Expenditures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Education:			
School Breakfast Program	10.553	FY 15	\$ 282,167
National School Lunch Program	10.555	FY 15	1,164,814 *
			<u>1,446,981</u>
Fresh Fruit and Vegetable Program	10.582	FY 15	50,833
Summer Food Service Program for Children	10.559	FY 15	2,728
			<u>53,561</u>
U.S. Department of Education:			
Iowa Department of Education:			
Title I Grants to Local Educational Agencies	84.010	2313-G-15	1,016,953
Title I School Improvement Grant	84.377	FY 15	43,156
			<u>1,060,109</u>
Special Education Grants to States	84.027	FY 15	<u>214,852</u>
Career and Technical Education - Basic Grants to States	84.048	FY 15	<u>59,250</u>
Rehabilitation Services - Vocational Rehabilitation - Grants to States	84.126	FY 15	<u>38,228</u>
Safe and Drug-Free Schools & Communities	84.184	FY 15	<u>149,160</u>
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	FY 15	<u>38,107</u>
Improving Teacher Quality State Grants	84.367	FY 15	<u>215,286</u>
Grants for State Assessments and Related Activities	84.369	FY 15	<u>18,130</u>
U. S. Department of Health and Human Services:			
Iowa Department of Human Services:			
Substance Abuse and Mental Health Services	93.243	FY 15	<u>50,000</u>
Temporary Assistance for Needy Families	93.558	FY 14	<u>30,557</u>
Cooperative Agreements to Support Comprehensive School Health Programs	93.938	FY 15	<u>785</u>
Total			<u><u>\$ 3,375,006</u></u>

* Includes \$145,521 of non-cash awards.

Basis of Presentation – The Schedule of Expenditures of Federal Awards includes the federal grant activity of Fort Dodge Community School District and is presented on the accrual or modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.



SCHNURR & COMPANY, LLP
Certified Public Accountants and Consultants

**Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards**

To the Board of Education of
Fort Dodge Community School District:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Fort Dodge Community School District as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 30, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Fort Dodge Community School District's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Fort Dodge Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Fort Dodge Community School District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control, which is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fort Dodge Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2015 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Fort Dodge Community School District's Responses to Findings

Fort Dodge Community School District's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Fort Dodge Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Schnarr & Company, LLP

Fort Dodge, Iowa
November 30, 2015

**Independent Auditor's Report on Compliance for
Each Major Federal Program and on Internal Control
over Compliance Required by OMB Circular A-133**

FORT DODGE COMMUNITY SCHOOL DISTRICT



SCHNURR & COMPANY, LLP
Certified Public Accountants and Consultants

**Independent Auditor's Report on Compliance for
Each Major Federal Program and on Internal Control
over Compliance Required by OMB Circular A-133**

To the Board of Education of
Fort Dodge Community School District:

Report on Compliance for Each Major Federal Program

We have audited Fort Dodge Community School District's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015. Fort Dodge Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Fort Dodge Community School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Fort Dodge Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each of the major federal programs. However, our audit does not provide a legal determination of Fort Dodge Community School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Fort Dodge Community School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

The management of Fort Dodge Community School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Fort Dodge Community School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Fort Dodge Community School District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Schnurr & Company, LLP

Fort Dodge, Iowa
November 30, 2015

Fort Dodge Community School District
Schedule of Findings and Questioned Costs
Year ended June 30, 2015

Part I: Summary of Independent Auditor's Results:

- (a) Unmodified opinions were issued on the financial statements.
- (b) No significant deficiencies or material weakness in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance that is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - Clustered programs:
 - CFDA Number 10.553 – School Breakfast Program
 - CFDA Number 10.555 – National School Lunch Program
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Fort Dodge Community School District qualified as a low-risk auditee.

Part II: Findings Related to the Financial Statements:

Instances of Non-Compliance:

No matters were reported.

Internal Control Deficiencies:

No matters were reported.

**Schedule of Findings and Questioned Costs
(Continued)
Year ended June 30, 2015**

Part III: Summary of the Independent Auditor's Results:

Instances of Non-Compliance:

No matters were reported.

Internal Control Deficiencies:

No matters were reported.

Part IV: Other Findings Related To Required Statutory Reporting:

IV-A-15 Certified Budget: Expenditures for the year ended June 30, 2015 did not exceed the amounts budgeted.

IV-B-15 Questionable Expenditures: No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

IV-C-15 Travel Expense: No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

IV-D-15 Business Transactions: Business transactions between the District and District officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Kevin Rogers, Board Member	Officiating	\$ 33
Brian Forsythe, Board Vice President Owner of Hyway Truck Equipment	School supplies and equipment	5,897
Heather Cochrane, daughter of Board President Cochrane	Teaching	38,689
Lisa Shimkat, Board Member Spouse of Shimkat Motor Company Shareholder	Parts	131

In accordance with Chapter 279.7A of the Code of Iowa, the transactions with Board Members Rogers and Shimkat do not appear to represent a conflict of interest since the cumulative amount was less than \$2,500 for the fiscal year. The transaction with Vice President Forsythe appears not to be in compliance with Chapter 279.7A since part of the cumulative amount exceeded \$2,500 and was not competitively bid. The transaction with Board President Cochrane's daughter does not represent a conflict of interest based on an Attorney General opinion dated April 1976.

Recommendation: Chapter 279.7A of the Code of Iowa prohibits transactions in excess of \$2,500 that benefit a Director unless competitively bid. The District should follow the competitive bidding process for transactions with Board members.

**Schedule of Findings and Questioned Costs
(Continued)
Year ended June 30, 2015**

Part IV: Other Findings Related To Required Statutory Reporting (continued):

IV-D-15 Response: While a competitive bid process didn't occur for this transaction, District officers priced the
(continued) purchase with multiple vendors. In the future, the District will seek competitive bids.

Conclusion: Response accepted.

IV-E-15 Bond Coverage: Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

IV-F-15 Board Minutes: No transactions requiring Board approval that had not been approved by the Board were noted.

IV-G-15 Certified Enrollment: The number of basic resident students reported to the Iowa Department of Education for October 1, 2014 was overstated by .88 students.

Recommendation: The District should contact the Iowa Department of Education and the Department of Management to resolve this matter.

Response: We will contact the Iowa Department of Education and the Department of Managements as necessary.

Conclusion: Response accepted.

IV-H-15 Supplementary Weighting: No variances regarding the supplementary weighting certified to the Department of Education were noted.

IV-I-15 Deposits and Investments: Except as noted below, no instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.

The District adopted a depository resolution naming each depository which may hold funds for the District, along with the maximum that may be kept on deposit. During the year, the District exceeded the maximum amount at one depository.

Recommendation: The District's depository resolution should be revised prior to exceeding the maximum amount authorized to be maintained in an approved depository.

Response: The District has reviewed its depository resolution and made appropriate adjustments.

Conclusion: Response accepted.

IV-J-15 Certified Annual Report (CAR): The Certified Annual Report was timely certified to the Iowa Department of Education.

**Schedule of Findings and Questioned Costs
(Continued)
Year ended June 30, 2015**

Part IV: Other Findings Related To Required Statutory Reporting (continued):

IV-K-15 Categorical Funding: No instances were noted of categorical funding being used to supplant rather than supplement other funds.

IV-L-15 Statewide Sales and Services Tax: No instances of non-compliance with the allowable uses of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2015, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

Beginning balance		\$	860,889
Revenues:			
Sales tax revenues	\$	3,540,103	
Interest		8,822	
Other local revenues		92	
Transfers from other funds		409,816	3,958,833
			<u>4,819,722</u>
Expenditures:			
School infrastructure construction		223,655	
Transfers to other funds:			
Debt service fund		2,612,724	2,836,379
			<u>2,836,379</u>
Ending balance		\$	<u>1,983,343</u>

For the year ended June 30, 2015, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.